

# **Kinijit Manifesto**



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# Table of content

<b>Part 1</b>		<b>Introduction</b>	<b>5</b>
	1.1	Vision	6
	1.2	Mission	6
	1.3	Vital Values and principles	7
<b>Part 2</b>		<b>The Failures of the Ruling Party</b>	<b>14</b>
	2.1	Non expansion of the service sector	15
	2.1.1	Private investment	15
	2.1.2	Public Investment	15
	2.2	Saving & Capital information not showing sustainable growth	15
	2.3	<b>Investment</b>	16
	2.3.1	Private Investment	16
	2.3.2	Government Investment	16
	2.4	Imbalance between Export & Import Trade	17
	2.5	Unhealthy financial economy	18
	2.5.1	Government finance	20
	2.6	Fluctuating price situation	21
	2.7	Agriculture sector development obstructed	23
	2.8	Under-developed industrial sector	27
	2.9	Environmental degradation	30
	2.10	Unemployment	31
	2.11	Exacerbation of poverty	32
	2.12	The neglected field of small-scale industry	34
	2.13	A social service without sustainable development	35
	2.13.1	Education	35
	2.13.2	Health	39
	2.13.3	A debilitated infrastructure <ul style="list-style-type: none"> <li>• Transport ..... 40</li> <li>• Energy ..... 41</li> <li>• Water supply ..... 42</li> <li>• Communication</li> <li>• Relative Situation of Communication &amp; Communication Technology</li> </ul>	40 41 42

	2.14	Lack of democracy and good governance	42
	2.14.1	Absence of an independent judiciary	44
	2.14.2	Institutional Corruption	45
	2.14.3	An un-empowered civil service	48
	2.14.4	Serious human rights violations and mutual clashes	49
	2.15	The violation of National Sovereignty	51
<b>Part 3</b>		<b>KINIJIIT's areas of Emphasis (Alternative solutions)</b>	54
	3.1	Constitutional Reform	54
	3.2	Bringing Economic Rehabilitation	56
	3.2.1	Rural Development	56
	3.2.2	Urban Development	59
	3.2.3	The Development of industry	62
	3.3	Expanding of services that accelerate development	65
	3.4	Development that Guarantees Social Justice	67
	3.4.2	A health system based on prevention	69
	3.4.3	Giving special focus to the problem of the youth	71
	3.4.4	Promoting the equality of women	72
	3.4.5	Making efforts to raise work morale of work	74
	3.5	Infrastructural that focuses on neglected sectors of the society and regions	74
	3.6	Improving the Social Security System	74
	3.7	A Foreign policy that protects Ethiopia's national interests	75
	3.8	Building democratic and good governance institutions	75
<b>Part 4</b>		<b>Summary</b>	<b>78</b>
	4.1	Implementation of the Manifesto	78
	4.2	National call	78

# Kinijit Manifesto

## 1. INTRODUCTION

*KINIJIT, on its part, is undertaking all the necessary effort to make the May 2005 Ethiopian National elections free, flawless and equitable. Taking proper lessons from the mistakes and non-democratic practices during previous elections, KINIJIT does not want to see a repetition of past mistakes. If, during the current election, a foundation is not laid for a transition towards a democratic system, the country's problems could get more complex and as a result the country could face undesirable consequences. Such consequences would neither be worth having nor be beneficial to anybody.*

As far as KINIJIT is concerned, there is a strong desire and conviction to undertake a determined struggle so that the people, through their own efforts, could prove to themselves that they are the real sources of state power, that parties and individuals competing for political power get equal playing fields, and that internationally accepted election rules and procedures are applied during the current election. It would be a mistake of the greatest magnitude to allow the government, to use, as it had done before, the current election as a cover to camouflage its anti-democratic character and to make it appear as if it had the support of the people. The ruling party got hold of power not through the wishes of the people but by co-opting it by military means. It is therefore, obvious that it has no respect to and belief in democratic election. Henceforth, the people and organized political forces should not allow a repetition and continuation of past non-democratic practices. Actually, the objective situation the country finds itself in, can not condone such practices.

KINIJIT has therefore prepared and presented legal, organizational and operational alternatives as pre-conditions to make the current elections free, flawless and fair. The present election board is neither neutral nor independent; it can not, therefore oversee a free and fair election. The current electoral system does not create a level playing field for all competitors to compete. In order to avoid the previous shortcomings and to rectify the Election Board, the election implementing body and the election law, we have prepared and presented our alternative. Even though we have not yet received a response, we will continue to struggle and put pressure to bear. In the meantime, we have proceeded with our all round preparation to compete in the election. In order to do so and explain our position and program to the electorate and in order to gain its confidence and vote, we (KINIJIT) have prepared this election manifesto.

The manifesto incorporates the vision of KINIJIT, its objectives, principles and methods of operation. It also briefly elaborates the different attributes of each member organization of KINIJIT (AEUD, UEDP-MEDHEN, Ethiopian Democratic League and RAINBOW) and the struggles that they have so far undertaken. The manifesto gives an insight into the basic problems that have plagued the government and made it difficult for the ruling party to stay in power. It also exposes the dark secrets of the regime. Assuming that KINIJIT will get the confidence and vote of the electorate, this election manifesto also includes major political, economic and social matters that will be given priority attention by the KINIJIT.

KINIJIT has been struggling for the beginning of a new chapter in the history of Ethiopia in which power will be held and relinquished by free and fair election, by the will of the people and through peaceful means. Now, and in the future KINIJIT will continue with this type of struggle. We call upon the electorate to support KINIJIT and to give it their mandate by properly weighing the national agenda presented in this election manifesto and on the basis of concrete efforts.

### 1.1 Vision

KINIJIT's vision: is to see a country in which, its people are united on the basis of equality and mutual respect; in which the people work together to extricate themselves from poverty and backwardness; to see Ethiopia as a country in which the human and democratic rights of its citizens are fully respected; to see Ethiopia having a leadership that works in a spirit of responsibility accountability and on the basis of fulfilling the demands of the people; to see a country endowed with good governance that operates at all levels in a system of openness and democracy.

### 1.2 Mission

To secure a fast and sustainable economic development in Ethiopia; to provide a social se-

curity service that can support citizens whenever necessary and at the required level so that citizens could feel honoured and proud; to firmly stand for the legalization and implementation of the democratic and human rights of citizens; to struggle for the establishment of a just and reputable electoral system in which individuals and political parties can compete fairly and freely; to establish a society of hard working and creative citizens by providing an honest, competent and accountable leadership.

To enable citizens to consciously participate in the affairs of their country by enhancing their political awareness through education and enabling them to discharge their responsibilities and obligations. By fully developing the potential of every individual citizen to enable him/her to fulfil his/her desire to equally compete at the provincial national and international levels; to create an enabling political, economic and social atmosphere for Ethiopians inside the country and in the diaspora to invest their human and material resources inside their country and thereby contribute to the material and spiritual betterment of their countrymen; to struggle for the establishment of a consensus democracy in Ethiopia so that the voices of those sectors of society which feel that the affairs of the country is their own affair, are heard.

To create national reconciliation so that a healthy and conducive situation for national unity, peace, stability and sustainable development could prevail; to bring about a society that has the capacity to understand the world and to let the world understand it, a society that thinks freely and that can express itself; to make an effort so that the young generation of Ethiopia could enhance the spirit of pride in itself and of its heritage; to encourage the young generation to have high hopes in its life and to get it to work for a higher goal.

### **1.3 Vital values and principles guiding KINIJIT**

#### **• Individual freedom:**

KINIJIT will struggle for a multi-ethnic society to flourish in which the individual democratic and human rights of every Ethiopian would be fully respected. In all respects, individual freedom would be given the leading place as it is the dearest value of humanity.

#### **• Collective/group rights**

Even though in the final analysis, the ultimate goal of every society is to respect fully and completely the freedoms and rights of each and every individual member of society, it is well known that there are sections of society that have their group or collective desires and rights that they demand to be respected. KINIJIT believes that these group rights of sections of society should be respected in such a way that they do not erode and endanger individual rights.

Our country is multi-ethnic. All ethnic groups and nationalities in the country are Ethiopians. In as long as there are many fundamental factors that unify them, they also have their distinctive characteristics such as language, culture, history, psychological make-up, system of traditional values etc. that distinguish them. KINIJIT stands for the respect of the following group and collective rights of nations and nationalities of Ethiopia: - For them to use and develop their languages; - For the advancement and development of their culture; - For their self-administration and development of their localities;

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For their unfettered rights to practice their beliefs, cultural and traditional system of values, KINIJIT will stand firmly for the above rights and will furthermore be faithful towards such group/collective rights as women's rights, rights of children and professional associations etc

## Responsibility

KINIJIIT believes that when it comes to think of using once right such right must be combined with honesty, and unrighteous human character. Such kinds of responsibilities should be expressed: - between individuals themselves and in the relationship between individuals and society;

- Between traditional and modern civic associations themselves and between such types of associations and society;
- between the people that the government administers within the country and the people of other countries.

Such Responsibilities should be implemented in all the above relationships.

### • Openness

In all its endeavours and actions, KINIJIIT would follow the principle of openness. Every person has the right to know any plan, implementation, follow-up and evaluation that could directly or indirectly affect his/her life.

### • Accountability

KINIJIIT holds that whatever the position of the individual is in society, the individual should be accountable to his/her decisions and actions.

### • Responsiveness

KINIJIIT follows the principle of responsiveness to the requests and demands of the people of Ethiopia in an acceptable and timely manner. Likewise, KINIJIIT is convinced that individuals, civic associations, governments etc... should be responsive, all within the confines of their responsibility.

### • Unity in Diversity

KINIJIIT would steadfastly work towards building a society, endowed as it is with varying languages, cultures and religion, but stands firmly united behind a common and unifying objective. The democratic viewpoint of KINIJIIT gives greater value and consideration to the differences that exist between individuals and society; it therefore accepts a multi-ethnic society with diversities. This means that the culture language and belief of one sector of the society would not unduly influence the other. In our democratic setting traditional leaders will be accorded with proper place. Religion and freedom of belief are fundamental rights and as such they shall neither be ostracized nor discriminated against.

### • Honesty (uprightness)

KINIJIIT holds that all human beings are created equal; that they have equal esteem and status and should have equal opportunity to develop their potential. The state should therefore, have the responsibility to avoid favouritism and give equal opportunity to all.

### • Democracy

KINIJIIT stands for the principle that asserts that every individual should have the right to give his/her opinion on decisions affecting his/her life. This right is expressed in:

- Getting equal opportunity in electing and forming the government;
- Expressing ones view in a meaningful way when decisions are passed in work places;
- Participating in plan preparation, implementation, follow-up and evaluation stages in all matters affecting the lives of people at the local, regional and national levels.

### • **Participatory and Inclusive**

KINIJIT is convinced that in political, economic, social, democratic and human endeavours, the people should have the spirit of responsibility and that they should not be made to feel indifferent; instead the people should be direct participants and be a major force.

### • **Mutual Benefit**

No matter how heavy the sacrifices, KINIJIT stands for a peaceful struggle. KINIJIT accepts as true the notion that a peaceful peoples' struggle that is properly guided and directed could create miracles in transforming a society enclosed by distressful and cruel circumstances into a better situation.

### • **Compassion**

KINIJIT is determined to safeguard the interests of the handicapped and support their integration into society. It is KINIJIT's steadfast position to reach out to those sectors of society that require attention and protection and to provide them with support, security and care.

### • **Exemplary Humanity**

Even though individuals as citizens and party members have the natural right to follow their own life style, KINIJIT believes that a decent character, a life style that is human and ideal should be the basis of a healthy society. It is KINIJIT's view that honesty, strong moral principle, co-existence, not being fundamentalist, wisdom, hard work, patience and cleanness are ideal attributes of humanity.

### • **Equality**

It is KINIJIT's firm belief that by nature all people are equal and that as Ethiopians any kind of partiality on the basis of ethnic, colour, education, property, gender, religion and outlook considerations is absolutely unacceptable.

### • **The Rule of Law**

KINIJIT maintains that both government officials and common citizens are equal before the law. It affirms that every institution including the state, society as well as the individual should submit to the supremacy of the law.

Even though such values basically emanate from KINIJIT's basic principle of respect to individual freedom, they nonetheless combine useful values that spring from social democracy and consensus democracy. Liberalism is a theoretical and practical principle based on the notion of existence of individual freedom, free market economy based on competition, and on a cultured social and political change. When one thinks to translate this principle in light of the objective situations pertaining in the country, one needs to take into consideration the actual reality in Ethiopia. In order to realize KINIJIT's view that respects individual freedom and in order to translate it into practice in a way compatible with the existing situation in Ethiopia, we have to take the useful values from social democracy and consensus democracy and creatively develop them.

Under present day conditions in our country, there are many problems that could not be addressed by simply following a free market system. Leave alone a country like ours that is underdeveloped, countries that have built well developed capitalist systems use other means to solve problems that could not be addressed by free market methods. That is why we should not be indifferent to this general understanding and experience.

In Ethiopia the conditions are such that all citizens are not given equal opportunity. Citizens do not start from the same position and hence could not reach at the same level of development. The difference they have in terms of property, education, standard of living and the like are not simple. The points from which the different regions of the country started their development were not even and hence, their present level of development is, therefore different. Their current stage of development in terms of education, health, transport and similar infrastructural services and also in human and material capacities are not the same. There are large differences between the rich and the poor, urban and rural areas and between the center and the periphery. We need to put up efforts to narrow these differences. We need to follow a policy direction that supports those that have been forgotten and those that have been denied access to equal opportunity. In addition, we should have a policy that can enable us to take care of and support the handicapped and those that are permanently laid off from work as a result of health, accident and old age.

In order to take care of these responsibilities we have to equitably utilize the resources that have been collected from those that have the capacity to pay taxes and duties. In addition to this, we should allocate a social security fund to help support this objective. It is also important to use other appropriate alternatives. Realizing social justice in this way is the one of the most useful values of social democracy.

Ethiopia is a country in which differing cultures, beliefs and outlooks coexist by creating cohesion. In order to build this cohesion on a strong foundation, to strengthen a relationship expressed in love and understanding, there should be a system that could enable us to create a lasting unity based on equality. As long as one attacks or abuses the other, as long as one stifles the voices of the other or one imposes one's wishes on the other etc... we can not build a healthy and cohesive unity. The right approach to narrow differences that arise for varying reasons is through mutual respect, mutual tolerance, accommodation and mutual understanding. For the sake of coexistence it is essential to practice the method of giving and taking. It is also necessary to narrow and reconcile differences that exist at the level of the individual, society and at the national level. Creating a national understanding in Ethiopia based on mutual respect and accommodation is a major component of consensus democracy's beneficial values.

It is the views of KINIJIIT that to insure broad based democracy, reliable peace and sustained development it is important to take the useful values from social democracy and consensus democracy and adopt them to Ethiopian values. The democratic principle that should be implemented should be based on the above understanding and should respect individual freedom. The key values and basic beliefs described above are the ones that determine the vision, mission and objective of KINIJIIT.

The right of expression and organization, division of power and the diffusion of power to the regions where the people could exercise self administration, rule of law, establishing a system whereby the people could discharge democratic control over the state, ownership of private property and economic freedom are also the major values and beliefs of the KINIJIIT.

KINIJIIT is convinced that political stability could only be guaranteed when the above stated values of liberalism are respected and when the relationship between civil society and the democratic state is based on such principles. KINIJIIT believes that by adopting liberal market economic principles into the specific Ethiopian conditions, extended capital accumulation and equitable income distribution could be created. KINIJIIT presumes the challenges and problems faced by our country could have solutions by safe guarding the above principles and by strictly implementing

them based on our specific conditions.

#### **1.4 The Struggle waged by KINIJIT and its member organizations**

KINIJIT is a coalition political parties created by amalgamating four different parties that have varying levels of experience in the struggle and different operational localities but with similar political objectives. In order to properly understand the struggle of KINIJIT, it is essential to grasp the specific character of the party.

The method chosen by KINIJIT to wage the struggle it has started and to achieve its ultimate objective is a peaceful political struggle. The party chose this method of political struggle not because of the calculation that the amount of sacrifices it requires is less compared to the sacrifices that an armed struggle might entail. Like an armed struggle a peaceful form of political struggle also requires sacrifices to be paid. The peaceful form of political struggle is preferred over the form of an armed struggle not because its price tag is lower and the sacrifice it demands much lesser. Instead, the peaceful method of political struggle is chosen precisely because it has a far greater result. Achieving political aims by armed means does not guarantee or insure that power emanates from the people. It only sustains the cycle of practice of one warlord changing the other by force. A peaceful political struggle does not accept the advancement of political aims by armed means; it does not replace one strong man by another. On the contrary, what it does is to win the minds of people through the struggle of ideas, with the winning idea serving as a basis for ensuring that sovereignty of power rests with the people.

The political objective of KINIJIT is to establish true democracy and reliable peace in Ethiopia and thereby create a stable society endowed with sustainable development and well being. And to achieve this objective, the right kind of alternative is to undertake a peaceful political struggle. The peaceful method of political struggle is chosen as the right alternative not because it has the magical power to redeem humanity from the scourge of death, as death is a natural phenomenon. For a democratic party pursuing the objective of attaining reliable peace, there is no higher moral ground than to promote a correct idea that can win the hearts and minds of people. Furthermore, KINIJIT maintains that killing people can not and should not be the right method of attaining political objectives.

Power held through the barrel of the gun is illegal. The legality and acceptability of power held by means of peaceful struggle and through the consent and free choice of the people can not be questioned. In the process of an armed struggle those who stand at the first line of defence and those who pay the highest sacrifice are not the leaders. They are the followers and supporters of the struggle i.e. the foot soldiers the cannon-folders. On the contrary, in a peaceful political struggle, those that are found at the first and advanced line of defence are the leaders, the vanguards of the struggle, not their followers and supporters. In a peaceful political struggle the role and function of followers is to follow the footsteps of their leaders and to achieve results by providing continuous support to the struggle.

Based on the above analysis KINIJIT is waging a determined struggle to end TPLF/EPRDF's oppressive rule and bring about a democratic system. Affiliated organizations of the KINIJIT and their members are paying heavy sacrifices for their role in organizing and mobilizing the people for change by means of a peaceful political struggle. They have worked hard to extensively popularize the public on the extent of the damage that the current system of injustice has caused to the country and people. They have made an effort to strengthen the desire and initiation of the people for change; KINIJIT has also made an effort to kindle the spirit of awareness

and preparedness for struggle in the feelings of the people.

In addition to creating the spirit of preparedness that was necessary for the struggle, an effort has been made to coordinate, harmonize and direct the mass movement so that the people can undertake an organized struggle. Numerous discussion forums that helped expose the dark secrets of the regime and showed the direction of the struggle for the respect of the rights and freedoms of citizens were held. Various mass actions, which were directed against injustice were undertaken at various places and various times.

Utilizing all opportunities and avenues, arguments and dialogues were held with EPRDF leaders using various forums. Mass meetings that helped raise the awareness of the people were held in various public squares and assembly halls. Opposition rallies that clearly showed the grievances and complaints that the people had on the regime were held in public. Exemplary among which are the forums that were organized in Addis Ababa, Ambo, Nazreth/Adama/, Harar, Jimma, Awasa, Baher Dar, Debre Marcos, Gondar, Dessie, Mekele, Debre Berhan and in other wereda centers and peasant associations.

Pamphlets, posters, newspapers, magazines that helped the people to assess the character and direction of their struggle and to increase their participation were distributed. Press briefings prepared around various issues were given. Such undertakings were held not only in Ethiopia but in the rest of the world where Ethiopians reside.

Even though the struggle to build a democratic system in Ethiopia is the primary responsibility of and national concern of Ethiopians, the consequences of the lack of democracy, of human right violations and the absence of peace and stability could reverberate outside of Ethiopia's borders. As a result, the struggle that we are waging for the establishment of a democratic system ought to be known and supported by the international community and by all well-wishers of Ethiopia. In line with this, effort has been put up to make the international community aware of the objective situation in Ethiopia. This effort is not limited to the international community residing in Addis Ababa. It includes the discussions held with leaders and officials of many countries, with representatives of international and human rights organization who have come to Ethiopia. Numerous efforts were also made, by way of foreign trips, to establish contact with high officials of various countries and leaders of international institutions.

Among the major efforts embarked upon to gain the support of the international community and to plead with it to hear the complaints of the Ethiopian people, the petition that was signed by thousands of people to oppose the Algiers Agreement and to influence the boundary commission to refrain from passing a decision based on the agreement and the appeal submitted to the United Nations are exemplary. Before this appeal was presented to the UN, there was a public outcry soliciting the parliament not to adopt the agreement. Even though no response was forthcoming, a written opposition was also submitted to parliament during one of its sessions.

While all this was done the participation of the people both inside and outside of the country and the support they gave was tremendous. Likewise, the mutual support that was exhibited in the process between KINIJI member organizations and the people had definitely put a tremendous pressure on the regime. It was the result of this sustained pressure put up by the people that caused the weakening of this regime by over taxing itself. It was obvious that the support that KINIJI member organizations got from the people did not give peace to the ruling party. The more the political platform of KINIJI gained the respect and acceptance of the people the more

the TPLF/EPRDF regime lost patience.

It then resorted to a systematic vilification and repression campaign. As a result of this brutal repression leaders of KINIJIIT member organizations, members and supporters were gunned down, killed and injured, arrested and tortured. The human rights violations perpetrated by the cadres and militias of the regime on party members was beyond what can be expressed in words. Likewise, the hearsay, defamation and smear campaign orchestrated by the state mass media and EPRDF papers on KINIJIIT leaders and leading members was awful.

Realizing that mere opposition to the regime in power does not bring the desired change, tremendous effort was put up to study, prepare and submit various positive alternatives that can guarantee the attainment of democracy, reliable peace and sustained development in Ethiopia. During the previous national election that was held five years ago, some organizations that are currently members of KINIJIIT, had introduced their alternative policies using the different election platforms and had gained the support of the electorate. Nevertheless, through the coordinated and concreted illegal actions of the election board, election implementation bodies, the defence, police and security forces and the bureaucracy, the regime was able to snatch the votes of the people.

### **1.5 Among the many political parties that exist in Ethiopia, the following characters are specific to KINIJIIT**

1.5.1 Ethiopia is a country in which the society is comprised of people with different cultures, religious and political outlooks; KINIJIIT is the only multi-national political organizations that believes that the political philosophy that can ensure the creation of unity based on equality, that can accommodate and narrow differences, that can warrant common development and sustainable peace is liberal democracy which gives due attention to the values of consensus democracy.

1.5.2 In this country various civil wars that have left scars in the society, had taken place. Wars that had annihilated huge numbers of people were perpetrated for various reasons. If the democratic system to be established in this country is to be set-up in a very strong and stable foundation, the hatred, the vengefulness and the mistrust that had existed so far must be closed and a new chapter must be opened for generations to come. KINIJIIT is the only party that strongly believes that before everything else a national reconciliation should be initiated to start the process of creating mutual understanding and tolerance among ourselves as individuals, between people to people, between the state and the people and between political parties themselves.

1.5.3 KINIJIIT is a coalition of four multi-national parties that have their own experience, mode of operation and tendency in recent Ethiopian political arena. And as such, it is a political party that has actually proved that differences can definitely be overcome by discussion, dialogue and accommodation.

1.5.4 KINIJIIT is a political organization that has, relatively speaking, a larger number of young and women activists in its membership from the lower to the highest bodies in its organizational structure. The party is built on the basis of incorporating the interest of the young generation as well as the different interests of society.

1.5.5 KINIJIIT is a Multi-National political Organization that has strong and firm positions

on the issues of a federal system and the transparent criteria on which it should be established; on the format of the bi-cameral parliamentary government; on the necessity of establishing a Council of Constitutional Inquiry that would have the responsibility of interpreting the constitution.

1.5.6 KINIJIIT is different from all other political parties in that it is the only political party that has in its program openly put as its political objective the historic right of Ethiopia to have an outlet to the sea. Its expressed view in this regard is to achieve this objective strictly by legal and diplomatic means and struggles.

1.5.7 KINIJIIT strongly believes that in order to ensure the right to private property and to ownership of assets and to guarantee this right, and in order to convince private investors who wish to help to country, and for them to have confidence in the political system, it is not enough to put out one proclamation after another. KINIJIIT believes that the only sure way to convince them is by doing something objective. In line with this, KINIJIIT has clearly stated in its program that the property that was inappropriately confiscated from individuals, associations & government agencies by the Derg and EPRDF should be returned to its rightful owners. This position of KINIJIIT emanates from its principled stand that robbery and criminality should not be rewarded. Having stated this principle, KINIJIIT holds that actual implementation should be based on assessment of alternative modalities, proper study and careful assessment of situations so that the process does not displace people, does not create speculation induced inflation in the housing sector.

## **2. The Failures of the Ruling Party**

The regime that has ruled Ethiopia over the last 14 years has done so by using force. It has not used the only acceptable way of holding power — through freely held and contested elections. In its forced grip of power, EPRDF has committed grave blunders and errors. The grave errors that the regime has committed have not only compromised the basic interests of the nation. Its future existence as a country has been gravely endangered. The errors of the regime have caused complex problems, the solution for which can not be found easily. Apart from problems it has newly created, this regime has aggravated problems that existed before its hold on power. Not only has it been indifferent to the fundamental interests of the people, it has been unwilling to change its dangerous policies, despite the repeated pleadings from the people. If this regime had the desire and readiness for change, it had ample time over the last fourteen years.

Over the years, the problems encountered by Ethiopia have been accumulating and developing roots. Instead of decreasing, the problems have increased in types and quantities. The economic policy of the regime in power which began to be implemented 10 years ago is called “Rural Centred Agricultural-led Development Industrial Strategy.” As a result of the favourable climatic conditions in the first years of the strategy (1995/96 & 1996/97) and due to the fact that additional land was cultivated, a relatively slight increase in agricultural production was registered. Since the growth in agricultural production was not significant enough to bring a lasting solution to the country’s economic problems, a large scale famine situation was created a few years later.

Up until now, the economy has been dependent on the weather — increased production when there is ample rainfall and decreased production when there is scant rainfall. It is clear from this that the main problem of the Ethiopian economy is its strong dependence on weather conditions and weather induced traditional from of agriculture. No structural change has been effected. The results of the misguided economic policy of the regime are as many as they are diverse. Even though they can be explained in various ways, we will limit ourselves to the following major defi-

ciencies.

### **2.1- Non expansion of the service sector**

The service sector in Ethiopia is on the whole based on distribution and related services. Its share of Gross National Product (GNP) is approximately 41%. In the last 12 years, out of the general service sector the share of the distribution service sub-sector within the GNP was on the average, close to 14%. This sub-sector includes trade, hotel & restaurant business, transport and communication. Compared to its average share in GNP, during the whole 17 years rule of the previous regime, it is more or less the same. Looking at the other components of the service sector which comprise of banking, insurance, government, education, health and defence and related outlays, in the last 12 years, the share of this sub-sector in the GNP was close to 27%. This level is higher than the one registered in the 17 years of rule of the previous regime which was 17%. To indicate that this growth is meaningful and sustainable, the defence and administration expenditure must decrease. During the previous regime, the rate for defence and administration outlay was on average 7% while it has increased to 12% during the last 13 years. On the contrary, the level of growth that the banking and insurance sectors have registered in the last 13 years is only 2%. In the case of education it is even much lower-only 0.3%, showing that the level of growth achieved in these important service sub-sectors is very insignificant.

### **2.2 Saving and Capital formation not showing sustainable growth**

The main feature of the Ethiopian economy is that its level of savings is very low. The major reason for this phenomenon is the low level of per capita income of citizens. Unfortunately in the last 13 years, per capita income has been further deteriorating, decreasing the per capita income level even lower. As a result the standard of living of the people has sadly gone down. In the late 1960's, the share of domestic savings to that of GNP was 14.2%, while this same indicator has gone down to 9.7% 10 years later. In the late 1980's domestic savings was 7.5% of GNP while in the last 13 years the level has gone down dramatically and has reached 4%.

Even though the current regime had tried to take financial stabilization measures, as far back as 1992/93, it has not been able to stop the decline of the level of domestic savings. The level of the share of domestic savings to that of GNP registered during the period of rejuvenation (of EPRDF) compared to that seen over the previous 30 years was lower. At some years, this level has gone down close to zero while at other years it had registered even negative growth. For example, during 199/2000, the level was 0.9%, while it was -2.1% during the year 2002/2003. With regards to capital formation a better level of growth was exhibited for the years after 1992/93 as compared to the 30 years before 1992/93, except for the fact that the source from which the growth emanated was not found to be healthy. The reason is: an increase in the level of capital formation was registered while during the same time the level of domestic savings had decreased.

This shows that the source of growth in the level of capital formation was induced by foreign debt and aid and was not based on the domestic savings obtained from local wealth and resources. A capital formation that does not rely on a strong domestic savings will have to reckon with foreign debt and aid to obtain the investment necessary for the economy, thus exposing the economy to over-dependence on the outside world. For example for the year 2002/2003, from the registered total domestic capital formation 110% was obtained from foreign debt and aid. This type of situation sustains the foreign trade imbalance, accentuates the country's foreign debt, weakens the capacity to utilize internal resources, thereby creating a very big resource gap. The

amount of the total foreign aid the country had in 2002/2003 as a percentage of the Gross National product was close to 107%. This is four or five times higher than the 20% and 30% foreign debt percentage level that was registered in 1991/92, the year in which the lowest level of capital formation was recorded.

## **2.3 Investment**

### **2.3.1 Private Investment**

When we see the number of investment projects and their capital composition in the country, it can be said that the share of Ethiopian investors is higher. Starting from 1992/93 up to the present the share of local investors as a percentage of total investment capital is approximately 65%.

From the total number of investment projects their share is about 95%. Nevertheless, over the years, instead of showing a steady growth, private investment is exhibiting a decreasing tendency. The number of those investors, who after getting their investment permit, start operation, is decreasing. There is a tendency on the part of private entrepreneurs to put their own capital or the loan that they get from banks back into banks and earn interest rather than investing the money. To influence the decision of private entrepreneurs and to encourage them to invest by taking loans from banks and to prevent the stock piling of money in the banks, the government had, as of 2001/2002 decreased the interest rate for deposits from 6% to 3% and also decreased the lending rate from 10.5% to 7.5. As a result of this interest rate policy, and compared to the years preceding this policy change, the number of investment projects submitted by domestic entrepreneurs and the amount of capital has shown a slight increase. On the other hand, there has been a tendency for the amount of capital to decrease while numbers of investment projects are increasing. The number of those investors, who, after having being registered move to operational stages, is decreasing.

Regarding the number of projects and the amount of capital, the participation of foreign investment compared to that of domestic investment is low and even this low participation level is decreasing every year. Even though the investment law is being improved repeatedly, the result that our country has achieved in attracting foreign direct investment is, by any standard, very low. In the years between 1991-1994 in Sub-Saharan African countries, the share of direct foreign investment as a portion of total fixed investment was only 3.71%. Between 1995-1998 this level was raised to 10%. In Ethiopia on the other hand, between the years 2000/01 and 2001/02 the share of foreign direct investment as a portion of fixed investment was only 0.9%. If the economy can not attract foreign direct investment, it can not be possible to expand export, to realize technology transfer, to create interaction with local institutions and to create employment. Among those who have moved to the operational stage, the most numerous are local entrepreneurs. Their share of foreign direct investment is low. The main problem for the slow growth of investment and for its discontinuity is because there is no policy and conducive situation to attract investors.

### **2.3.2 Government Investment**

Government Investment does not show any growth in either the number of projects or the amount of capital. From 2001/2002 up to 2004, government investment capital grew from 108 million Birr to 1.6 billion Birr. Compared to the situation in 1998/1999, this level is less by 72%. In general, the investment condition in our country is such that it is not growing rapidly and without discontinuity. Rather, it is a slow moving process. On top of this, the average number of people that start operation after registration is pretty low. In the ten years between 1992/93 and 2001/2003, compared to licensed investment projects, the number of projects that have moved from the stage of certification to that of development is only, and on average, a mere 29%.

## 2.4 Imbalance between Export and Import Trade

Income from export is the most important and major sources of foreign exchange by means of which capital goods and technology could be imported into the country. Shortage in the availability of foreign exchange, results from a reduction in export earnings. This in turn makes it impossible to import goods necessary for production, by slashing down the capacity of import financing. Without enough income from export, there will be no ability to import essential goods. In order to get the most basic imported commodities, it would be indispensable to resort to foreign credit, thus increasing foreign debt. On top of this, when we add the inability to attract foreign direct investment, our country's ability to import capital and other essential goods would be limited.

One of the problems facing our country's export earnings is that in the last 30 to 40 years, It was based and hence dependent on very few export commodities. Export earnings were mostly dependent on coffee, a commodity highly influenced by internal and mostly external factors. Export items excluding coffee, have over the years, shown slight increases but unfortunately were not enough in quantity and have, therefore not increased the level of export to the desired level. The main source of export revenue has been coffee. Since the price of coffee at the international market was over the previous years, fluctuating, mostly down words, Ethiopia's export has faced a very serious problem. In 2001/2002 alone, the decline in coffee export had been 8.3%. From 1970.71 up to 1997/98, the country's export was mostly dependent on coffee. In 1997/98 the share of coffee out of the country's total export was 69.8%, by 2001/2000 this figure went down to 36.1%. This situation was created not because non-coffee export items have increased in type and quantity, but because the price of coffee in the world market had dramatically gone down. The other problem is the lack of policy and implementation capacity to reduce the shortfall by producing other substitute export products and the lack of strong support to increasing organic coffee.

The major aspect of our country's problems in terms of export is not only that it is dependent on one export item. The other aspect of the problem is that the countries that accept our major export items are themselves limited. Our general export activity, which has product and market diversification problems, is in general, very weak. Our trade partners are Germany and Italy in Europe, Japan and Saudi Arabia in Asia and Djibouti in Africa. This type of export trade structures limited as it is with only few countries has exposed our economy to an expected consequences. As a result, in the last 40 years, the capacity of our export revenue to cover the cost of products and services imported has been extremely limited. That our export revenue had, over the years been so weak to cover our import cost could be shown by the fact that our export revenue could only cover 20 — 30% of our import requirement.

The country is getting its foreign exchange mostly from foreign debt and aid and not from her export earnings. The main source of foreign exchange earning which is coffee export can not be reliable as it has been victim to price fluctuations. Export of hides & skin, the next in line in our export item, is also decreasing. America has opened her market to a limited number of underdeveloped countries by way of the AGOA program in which African products are allowed to enter the American market free of customs and quota requirements. Even though some countries have benefited from this program, Ethiopia could not properly utilize the opportunity and hence was unable to benefit. Currently, the government is engaged in promoting the production and export of flowers as a means of diversifying export items. Even though this is a promising endeavour, Ethiopia is new to this business and the flower market requires very intensive care and

attention right from the stage of production, packaging to transport and marketing. In terms of quality and quantity the flower business is going to take time and effort to compete with others and become successful. The Export Promotion Agency, which has been established with the objective of promoting export is shaking, not even sure of affirming its continuity, let alone achieving its objective. In general, the problem in the export sector is not only limited to the price fluctuation in the international market. The non-existence of a proper policy is also a problem.

The problem is created because there is no policy and strict follow-up that is directed: towards strongly supporting organic coffee; towards increasing the quantity and quality in the export supply; towards encouraging the participation of private investors in the export sector. Unless and otherwise there is a clear policy that encourages those that are engaged in producing and marketing exportable commodities and services in terms of information, training, credit and legal support the problem will continue. The Ethiopian import sector also has its share of problems. Compared to previous years an 11.7% growth was registered in the year 2001/2002 and the share of import to Gross National product, which was 24% in 2000/2001 has shown an increase of 28% in 2002/2003. Since this growth is due to an increase in foreign debt aid and not the result of an increase in export revenue, it is not a healthy growth. Apart from this, as of recent years, the composition of import is leaning away from capital goods and on to consumption goods. From 1999/2000 on words the import of consumption goods is increasing. Following the relaxation of price control and the intensity of famine the import of TV sets, cars and food items is increasing. While in 2001/2002 the country had imported cereals estimated to be worth 1.3 billion Birr, this figure indicates an increase of 104.6% just from the previous year of 2000/2001.

Even though improvements are seen in the import sector now and then, these improvements are not strictly tied to the growth of export capacity. Rather, they are the results of aid and debt cancellation. As a consequence, our balance of trade deficit is increasing. During the previous regime the share of our balance of trade to that of the Gross National product was only 6% while currently this figure has rocketed to 25%. Hand-in-hand with an improvement in the foreign remittance of the Ethiopian Diaspora in recent years, the deficit in the balance of trade has been aggravated. Even though the balance of trade has shown an improvement in the year 2001/2002 after long years of deterioration, 85% of the reasons for the improvement of the situation were factors related to poverty reduction such as foreign credit, foreign aid, extension of debt repayment period and debt cancellation support. The increase in the Commercial and National Bank's reserve holdings to 3226.3 million birr in 2002/2003 was related to this. Unless a policy is devised that can tie-up the country's import and export trade balance reserve capacity to the country's export revenue and reduce their dependence to foreign debt and aid, the problem will continue to intensify.

## **2.5 Unhealthy Financial Economy**

The financial sector of the economy comprises the money supply, the quantity of money, the type of money, and the structure of the banking system. In Ethiopia, the utilization of money is at a very low level. As of 1993, the relationship between the supply of money and the amount of goods and services in exchange has been exhibiting a fluctuation. As of 1999/2000, the official gross domestic production has grown by 2.1% while the growth in the money supply was 12%. As a result, after 1999/2000, the income obtained from money has decreased substantially. Starting from 1998. The government has lifted most of the restrictions related to the interest rate on lending and deposit. As of 2002 those rates have been reduced to 6% and 3% respectively. As a result the average deposit rate which was 6.3% in 2000/2001 has been reduced to 3.5% in

2001/2002 and the average interest on lending has also been reduced from 12.75% to 10.25%. Despite, these changes, banks decide the flow of credit not on the margin or profit that the interest earns but strictly on the amount of guarantee that the collateral provided by the customers. That the interest rate difference between the different banks is low and that this trend was exhibited between 1998/1 999 and 2001/2002 is the result of the above banking policy.

In the last few years, the government is utilizing, by means of borrowing, a large portion of domestic borrowing, just to cover its budget deficit. In 2001/2002, from the total available domestic credit, the government utilized 58%. As of 1998/1999, the non- government domestic credit was on the average decreasing by 2.2% a year. In addition, two other basic problems related to bank credit are in evidence. The first problem is that from the amount of loan that the Ethiopian commercial bank and the Ethiopian Development Bank made available, 30% and 50% respectively are unpaid loans. The second problem is that government banks are not in position to distinguish between performing and non-performing loans. They do not have the capacity to pre-determine healthy loans from those which are unhealthy. As a result, Government banks have now accumulated an idle credit capacity to the tune of 17 billion birr. From this amount 98% belongs to the Ethiopian commercial Bank. Out of its share of Gross National Product, the amount of credit allocated to private local entrepreneurs has, on the average, been growing by 19% even though, between 1995/1996 and 2000/2001 the surplus money that has been idly sitting in the banks was 46.7%.

The investment activity in Ethiopia is very weak. Likewise, our saving capacity is small. Many people who would like to invest can not get credit. In a country where there is such a problem, the lack of policy that could enable private investors get access to credit and that can properly utilize the amount of savings that the country has, have further aggravated the problem. The Ethiopian National Bank does not have the necessary operational autonomy to enable it to take measures that could strengthen the financial sector of the economy. The policy that the Bank is currently implementing is strictly tied to the reliability of the property provided as collateral and not related to the beneficial and useful effects of a business venture or investment project. This approach to credit hinders the efforts of those entrepreneurs who can under take a successful business through the implementation of functional and regarding projects. On the other hand, this same approach enables those people who have sufficient collateral to gain access to bank credit without them in any way engaging in profitable and sustainable business activity. The result is clear. The credit will not and can not be paid back. The property held as collateral will be sold, (whether or not it covers the credit is another story) ending up with mistitling the country's resources.

The other problem in the financial sector of the economy is that the credit appropriated to the private sector is directed and limited towards those that are engaged in short term export activity. There is no conducive credit policy that could enable private entrepreneurs interested in long term projects get access to credit. Among the reasons that could be enumerated as major problem areas of the financial sector are: lack of information relating to the credit market; a biased approach towards forecasted business profitability; the non-existence of mutual trust between creditor and debtor; the presence of a backward culture with regards to the necessity of paying back loan. Apart from these, the fundamental problems in the sector are: Structural weakness, a stubborn approach that can not go along with existing reality and the non-existence of a conducive policy that could help the development of the sector. As a result of the current prejudicial credit policy, the government is handing out credit to those it favours and preventing those that deserve it. Through this type of credit rationing system, debtors whose enterprises are neither

profitable nor economically strategic are given amounts of credits greater than their needs. On the contrary, entrepreneurs whose business are both profitable and strategic and who can bring about a change in the economy are not given the necessary amount of credit or not given at all) while an abundant surplus money is sitting idle in the banks.

### 2.5.1 Government Finance

This sector includes: the structure and amount of government revenue and expenditure; the composition of government expenditure and the tax structure; the budget situation and the system in which the budget/revenue shortfall could be satisfied. During the budget years from 1992/1 993 up to 1998/1 999 the share of total government revenue to that of Gross National Product had increased from 18.5% to 23%, while from 2000/2001 to 2001/2002, it has shown a rapid increase. Government revenue (including grant) reached a higher level during the 2001/2000 fiscal year, with the share of government revenue to gross national product increasing to 24.8%. During the next year i.e. 2002/2003, this figure further grew up to 28.9%.

In 2000/2001, the share of taxable income form GNP was 15.3%. This figure is greater than 12% that was achieved during the 10 year period between 1991/92 to 2001/2000. In 2001/2002 the collection of Income tax and profit tax have shown a marked increase as a result of the steps taken to rectify the situation. Yet, the system of tax collection is not free from nepotism and has not been equitable. It is neither based on a proper study that would expand the tax base nor is it undertaken in consideration of existing capacity. It is therefore, not free from intuitive decision and reprimands those that respect the law. The tax system restrains private entrepreneurs, contravenes the right to work for sustenance and the right to set-up property. It also inhibits the expansion of investment. In the years cited above, the share of revenue to non-taxable sources as a portion of gross national product (GNP) was 24%. This does not include the income generated from the sale of government enterprises that were privatized.

Recent tendencies on budget implementation indicate that the share of government expenditure as a portion of GNP grew from 29.1% in 2000/2001 to 32.3% in 2002/2003. After the end of the Ethio-Eritrea war there has been a change in the substance and composition of government expenditure. The share of the recurrent budget to that of GNP was 26% in 1999/2000. This figure was reduced to 20.4% in 2001/2002. Even though this figure depicts a reduction of recurrent budget as compared to the war years, it however, shows that it is, on the average, higher than what it was in the 10 years before the war. Inversely, the share for the outlay of the capital budget as a percentage of the GNP which was 6.7% in 1992/93 had increased to 12% in 2001/2002. Appropriation for recurrent budget includes budget items like general services, economic services, social services, interest budget linked to foreign support and others. Within the recurrent budget expenditure, the largest appropriation goes to general services like defence and security and out of this the budget that for defence is the largest. In 2002/2003 out of the 38% appropriation for general services 50% was allocated for defence. This means as a percentage of GNP the budget set aside for defense was 19%.

Another component of recurrent budget is economic services. In 2002/2003, the budget allocated for this sector was 10.8%, out of which 5.9% was for agriculture and natural resources and 1.1% was for urban development and housing. Still another component of the recurrent budget is social services. In 2002/2003, the budget allocated for this sector was 25.9%. Out of this, the amount allocated for education was 18.5% while that for health was 4.3%. One can see from this budget appropriation that the share of economic services out of the total appropriation

for general services was less than 1/3 while that for social services was less than half. Even though the defence expenditure has decreased after the Ethio-Eritrean war, it is still grabbing a larger share than education and health combined.

The capital budget appropriation is mainly comprised of economic and social development. Out of the two, the largest allocation goes to economic development. Nevertheless, if we see the capital budget appropriation for the years from 1997/98 to 2002/2003, the share of the economic development sector has been decreasing. Out of the capital budget allocation that was done in the last 7 to 8 years, the highest budget appropriation for this sector was in 2000/2001, which was 63.2%. The budget allocated for 2001/2002 and

2002/2003 was less than the previous years. Related to this, the capital budget share of the agricultural and natural resources sub-sector, which is a component of the economic development sector had been decreasing from 1997/1998 to 2002/2003. For example, while it was 20% in 1997/1998, it went down to 13% in

2002/2003. On the contrary, the other sub-section in the economic development sector which is transport and construction has shown some improvement in capital budget appropriation. The growth registered in this sub-sector has not been dependable as it has been fluctuating year to year.

Another component of the capital budget is the social development sector. The allocation for this sectors has been increasing for some of the time and decreasing for the rest and hence, not shown a sustained improvement. The share of the sector which was 24% in 1997/1998 has decreased to 23% in 2002/2003. The capital budget allocation of the education sub-sector which is a component of the economic sub-sector is also exhibiting a fluctuation. In 1997/98, its share was 10%. In 2002/2003, this share went even further down to 8.8%. In 2002/2003 on the other hand, its share was 13.6%. The health sub-sector in the social development sector has its own problems. The capital budget allocation of this sub-sector which was 6.5% in 1997/1998 went down to 5% in 2002/2003. In general, the distribution, equitability and sustainability of the budget is not reliable. Government financial expenditure has been increasing faster than it is generating in revenue, which in turn is widening the budget deficit. In line with this, the share of the budget deficit to GNP which was 10.35 in 2000/2001 has grown to 14% by 2001/2002. In 1999/2000 the government got a loan of 5.5 billion birr from domestic banks. In 2001/2002 it only took 723 million birr loan from domestic banks as it had received foreign credit to cover its budget deficit. The reduction in the credit that the government gets from domestic credit sources and utilizes for covering its budget deficit does not show a decrease in the budget deficit. It only shows that the budget deficit is being covered by foreign debt at a consequence of increasing the country's debt burden.

## 2.6 Fluctuating Price Situation

If we can only see the condition in our country between 1998/1999 to 2002/2003, we can understand that the condition of the Ethiopian economy was hanging on the generosity of nature. The price fluctuation itself was directly correlated to the situation of the country's agricultural sector. When there is good climatic condition, agricultural production increases and prices will go down. In the event of famine and war, agricultural production goes down and prices go up. In 2000/2001 there was good climatic condition in the country and hence there was an improvement in agricultural production. At the time a reduction in the level of prices occurred. In 2002/2003, with the big famine, the price level went up, hand in hand with a decrease in agricul-

tural production. Following the growth in agricultural production in 2000/2001 the inflation rate went down to a level below zero i.e. to 5.2%, just to go up to 15% in the next year 2001/2002, with the occurrence of the big famine. In the 2000/2001 famine, the price of food items was 19.4%. So, in the context of Ethiopian conditions, the main condition determining the price level is not the availability or non-availability of a big supply of money but rather the weakening or strengthening of the agricultural sector. At a given period, when the inflation rate was below zero and agricultural production had increased, the money supply grew to 10.5%. In the 2002/2003, when agricultural production had decreased due to a famine situation and the level of inflation had increased to 15%, the increase in the money supply was the same. (i.e. 10.5%) Making the interaction between agricultural production and the price level as our starting premise, we can come to an understanding of three of these features.

The first one is this: more than the upward inflation rate that arises due to a reduction in agricultural production, the downward decrease in the rate of inflation is greater during the time of surplus agricultural production. Second: In connection with an increase in agricultural production, the price for food items decrease and the peasant will not benefit from the decreasing price. Third: Since the financial institutions do not have a policy that could control inflation, the part they play in this regard is very slim.

In general, when we look at the state of the country's economy, the rate of economic development is lower than the rate of population growth. Following the rapid increase in population growth in the last five years, the real national income has gone down two fold. In rural as well as urban areas, the per capita income of citizens has been decreasing. Under conditions in which there is no policy to stabilize the upward and downward inflation in prices, price will fluctuate with an increase and decrease in agricultural production.

The economy can not escape the fact that it will be exposed to external and internal factors. Even though, the Ethiopian economy is not completely open to the international market, the decline in coffee prices in the world market has not only limited the availability of foreign exchange, it has made the overall economy very weak. For more than 40 years the country's export has been a prisoner of its own limitations in terms of kind, quantity and its destination. As a result, it is easily exposed to outside influences.

After 12 years of trial, the policy revisions and adjustments aimed at undertaking a transition in economic restructuring and poverty reduction could not produce results. Even though it has now been a little over 12 years since the agricultural development led industrial policy, the attempt to ensure food security and food self sufficiency has not been successful. In 2002/2003 14 million people have been affected by famine. The related to this more than 200,000 people have died. The dreadful starvation or hunger that resulted from the recurrence of famine and from the weakness in economic activity, have shown that the policy does not have the capacity to protect the country from such an eventuality.

Even when there is good harvest, because of the stiffness in the structure and market problems, neither the peasant farmer nor the economy has benefited. Under conditions in which there is no domestic demand that could utilize the amount produced, and could not utilize foreign market opportunities, the growth of the country's agricultural production can not be sustainable. One can tell for sure that unless we have the proper awareness of the situation, unless we devise a compatible urban - rural development strategy unless the development in one sector of the economy is meaningfully tied and made to be mutually supportive, the rural centred agricultural development led industrial policy will not be successful.

## 2.7 Agriculture Sector Development Obstructed

In our country agriculture is a sector in which 85% of the workforce is employed has close to 50% of the gross domestic product and contributes more than 85% of the country's export products. With an increase in agricultural production, total production as well as the quantity of export grows and the inverse is also true. Nevertheless, since it is undertaken by means of a backward method of production and is completely dependent on rainfall, and since the peasants per capita holding is getting less than half a hectare as the result of rapid population explosion, and since its productivity has gone down as a result of centuries of non-scientific usage, it has become an economic sector with diminishing productivity. An agricultural sector with such structural problems can not cover the food consumption needs of the peasants involved in the sector, let alone playing the leading role in the transition to industrialization.

For the previous five years up until 2003, the average growth exhibited in agriculture was — 1.5%. Even though the growth it had achieved in 2000/2001 was 11.5% its growth in 2001/2002 was 3.1% and that of 2002/2003 — 12.12%. 2004/2005 was a year in which the country had an abundance of rainfall. The growth which was said to have been registered indicates only a reversal of the negative growth. It does not indicate sustainable growth and therefore, if in the next harvest season, no sufficient rain is forthcoming, the sector will revert to its negative growth level.

In the last 42 years growth in per capita income has been levelling close to zero. This means that the current standard of living of the people has not been any better than it was 40 years ago. The average growth in per capita income in the last 13 years was close to 1.6%. During the previous 17 years of military rule the average growth in per capita income was close 2.6%. Meaning, it was less by 1 %. If we look at the annual per capita income in the last 13 years in the agricultural sector, we see that it was less by 31% than that of the Imperial regime and 15% less than what it was during the military regime. In the last 40 years, productivity of land has been decreasing, as a result of which the per capita income in agriculture has decreased by 1.2% while the per capita income outside of the agricultural sector has grown by 0.8%. 40 years ago it was possible to get 11 quintals (1 quintal=100 kgs) of product from one hectare of holding. Despite the fact that the peasants are currently using modern agricultural inputs in an ever larger amounts, the average productivity of one hectare of agricultural land is not more than 10 quintals. 20 years ago the per capita average production capacity of each peasant farmer was 170 kgs, while it is not more than 97 kgs currently. The average annual growth of the agricultural sector in the last 13 years was 1.7 %. This figure was 0.6% for the 17 years of the previous regime a difference of only 1.1%. During the period of the current EPRDF regime, the share of contribution of the agricultural sector to the gross national product (GNP) had sometimes gone below the 50% level. This drop was not the result of an increase in the share of other sectors, but rather it is the result of the fact that farming in Ethiopia is still rain-dependent and that as a result, it has repeatedly been hit by famine.

In the last 30 years, a relatively constant figure of 46 million hectares of land was being used for cattle grazing and breeding. In the last 20 years this figure has gone down to 20 million hectares. The reduction of grazing land hectarage, the weakening of the health care system for cattle and recurrent famine and draught has reduced the country's cattle supply. Ten years ago the country's cattle population was estimated to be 30 million. Currently the figure has gone down dramatically. Following this the country's milk, meat and hide production has decreased. As a result of all these, in the past 15 to 20 years, people living on international handouts are increas-

ing. For example, in 1992 the number of people affected by drought was 6.2 million. In 2002/2003 the figure had gone up to over 14 million people. In 2005 for instance, when there was a very good weather condition, the number of people in need of relief assistance was close to 7 million people.

The realities on the ground in the last 14 years are clear. Land productivity and per capita income have decreased with a resultant effect of an increase in the number of people seeking relief assistance. These facts clearly show, beyond reasonable doubt, that the regime's policies have not been productive. The main focus of the policy is based, not on bringing about actual workable solutions that can transfer the agricultural sector, but on small manifestations of the problem in the sector. Even though EPRDF is saying that it is following a policy that is giving proper attention to agriculture, the actual situation is that the economy is going down, clearly indicating the inappropriateness of government policy. With regard to objectives, EPRDF's economic policies seem to be bona fide policies. The main ones are: to increase the income of the peasant farmers so as to get a market for industrial products; to increase the level of domestic saving so as to get resources for investment; without requiring a high dosage of capital investment to increase investment in agriculture; to bring about a rapid economic development; to help most of the people in the country who are languishing in poverty achieve self sufficiency in food. All these policy prescriptions, tested as they are by experience on the ground in the past ten years, have been found to run aground.

Even though the rate of growth of agricultural inputs in general and fertilizer in particular has shown an increase in the last 14 years, there has been no change in increasing land productivity and the income of the peasant farmer. The amount of fertilizer coming into the country currently has increased more than 200% compared to what it was in 1991. Consumption of fertilizer has also increased, what used to be 34 Kgs. to a hectare is now 46 kgs/hectare. This was counter productive. It decreased the productivity of land by way of focusing the attention of peasant farmers on a single crop and thereby greatly reducing soil nutrients, and also contributed to the cooling down of the demand of using improved seeds. As the policy was implemented without a proper study of the compatibility of the fertilizer a variety of the with country's environmental and soil conditions, the problem that ensued was not simple. As the price of fertilizer was increasing by close to 8.5% a year, the purchasing power of the peasant farmer was stretched thin.

Even though the Ethiopian select Seed Multiplication Enterprise is trying to supply select seed, it has a problem with distribution. The reasons for the problem are: Inflation, a decrease in demand by peasants, weakness in promoting improved seeds, problem related to the low grade quality of the seed, the lack of coordination among extension workers, market agencies, peasants and the Select Seed Multiplication Enterprise.

The other big problem area of the sector is the agricultural products marketing system. When peasant farms sometimes produce more than their consumption they do not have the experience and the storage capacity to keep the surplus produce. Government tax collection and repayment for the fertilizer that peasants took on credit comes at the wrong time, forcing the peasants to sell their surplus to middle men at cheaper prices during the harvest and small rains season. At this particular time, supply of agricultural produce surpass the demand and the price of cereals goes down. For example, in 1994 the price of agricultural produce had gone down by 25%. Other related & basic problems in the process of exchange or marketing are: shortage of haulage capacity in the transport sector, absence of a marketing information system, weakness of the negotiating capacity of the peasant farmer and the underdeveloped nature of the agro-

industrial sector.

Yet another problem is the closed, selective and discriminative nature of the Ethiopian fertilizer market and the bank credit law that forces importers of fertilizer to put up a 100% collateral for dispersing credit. Currently other private importers have been forced out of the fertilizer market. The two so called private companies that are operational in the Ethiopian fertilizer and other inputs market are AMBASEL and DINSHO. Both companies belong to the ruling EPRDF. They are party companies under the disguise of private companies. This party monopoly in the agricultural inputs and fertilizer market was established after illegally pushing out the long-time participants private companies called FERTILINE and **AMALGAMATED Ltd.**

Peasant farmers get their credit for buying fertilizers not from banks directly but indirectly from regional state governments. Regional state governments put-up some amount of collateral from the budget allotted to them from the federal government and take larger amounts of credit from state banks and give it out to peasant farmers in the form of credit for fertilizer purchase. The fertilizer is distributed not through private marketing channels but through wereda level government agricultural offices and producers cooperatives controlled by the government. In other words, the ruling party (EPRDF) has become the incarnation of agricultural life in rural Ethiopia. EPRDF has assumed for itself the responsibility of being the sole importer and distributor, credit dispensing and repayment collecting agent for all agricultural inputs including fertilizer in the Ethiopian country side.

To put it more precisely, the ruling party has tied-up the system of agricultural marketing hand to foot. This is a major reason that made the crucial system of agricultural marketing dysfunctional. Furthermore, since the price of fertilizer is growing at a higher rate than the growth in the price of cereals, the problem is further intensified. For example, between the 5 years of 1995 to 2000, the average growth in the price of cereals was 14.6% while the price of DAP fertilizer showed an increase of 37.5% - more than double an increase. During this period, the price for transport and communication had gone up by 61.1%. This clearly show that the trade exchange ratio has not been helpful to the price of agricultural products. Some people can say that the fact that the price of agricultural produce going down contributes positively to the betterment of the standard of living of the people living outside of agriculture. But there is no truth in this assertion. With the current situation in the country in which the share of agriculture in the overall economy is higher, any kind of damage that befalls the sector is bound to have a big impact on the absolute majority of the people either directly or indirectly.

Peasants in our country are not keen on credit in general and long — term credit in particular. This is because their mode of living is based not on surplus production for the market but on an agricultural production system for use. In addition to the fact that agricultural prices are low, the price level in agriculture is unpredictable. Peasants have an unsettled suspension with regards to the security of their use right on their plot of land. Furthermore they do not have the financial capacity and also experience to buy and utilize agricultural inputs. Apart from these problems, the problem the peasant farmers are facing with regards to fertilizer credit should be seen separately. On the one hand, the government considers fertilizer as a strategic input to increase crop production and hence applies pressure on the peasants to use fertilizer.

On the other hand, the peasant farmers would not decline to get credit, on easy terms if possible, to help them improve the ever decreasing productivity of their small plot of land, used as it is to producing one type of crop year in and year out. But the fertilizer credit market has

problems that threatens the peasant's desire to use fertilizer and the continuity in the availability of credit. Even though the policy revisions that were undertaken in the late 1980's have made some improvements in terms of redirecting the flow of finance (credit financing in particular) from the state into the private sector, they have not been able to make the agricultural economy conducive and attractive enough to long-run investment. Until very recent years, the share of agricultural credit as a percentage of total credit has never been more than 19%. Within this most if not all of the agricultural credit is used for short term purposes. Its contribution towards transforming the long term structural problems of the sector is minimal. Compared to the role the agricultural sector is playing towards the development of the country's economy, the credit the sector is getting is very low. Regarding this point, we should properly notice that when we say that the low level of agricultural sector credit is the reason for the low investment in the sector, it does not mean that the share of industry and other sectors in the credit crunch is high. The share of credit allocated to these other sectors, like agriculture is itself low. As a result, in terms of competing with agricultural investment, the other sectors should not be seen as creating obstacles.

Among the major reasons presented for the inability of the agricultural sector to attract investors as well as peasant farmers are: security of land ownership is not reliable, land holding for a peasant homestead has been constantly decreasing as a result of the wrong land policy pursued by the government. The absence of investment in the countryside where there is a rapid population explosion is intensifying the damage on the environment and on the land itself. According to a 2002 information obtained from the Ethiopian Investment Authority, from among those who have been given investment permits, the number of those who have started their projects or who have continued with their projects is very small. Out of those holders of investment permit in both the agricultural sector and outside of it, 52% of the projects have not been able to continue with their projects, or have dropped their projects all together. Until recent years, among those projects which had been found to be acceptable by the Ethiopian Investment Authority, the share of the agricultural sector was only 113%, while the share of the sector as a portion of total investment capital was only 6.7%.

Among the other reasons cited for the low level of agricultural investment are: the low level of infrastructural development and weak marketing conditions; the unreliability of land security and the difficulty in getting land; the fact that land and agricultural machineries can not be held as collateral for loan, not providing pre loan incentives and giving enough pre-payment time; low land and capital administration capacity; the presence of an extended bureaucratic system and the non-existence of durable peace. There have been various attempts to revise the investment law. Steps taken to decrease the interest rate for borrowers have shown some improvement in encouraging investors especially in the flower sub-sector, even though this trend does not cover the entire agricultural sector. Up to now, long-term investment in the country side is very low. On the Contrary, the fact that there is a lot of unutilized and surplus money in the banks show that the demand for investment in Ethiopia is decreasing.

Even though EPRDF is maintaining that it is pursuing a rural centred agricultural development lead policy, the general trend that can be seen in the agricultural sector is one of a decline and not of an increase. The above general statement is true despite the sporadic slight improvements in agricultural production at some given years, as a result of either an improvement of the weather condition or an increase in the amount of land cultivated under traditional conditions. This assertion can be reinforced by the fact that productivity has not increased, the per capita income of the peasant farmer has been decreasing and food security has not been guaranteed. Despite the fact that the purchase and consumption of fertilizer is increasing every time, the actual

result obtained in the improvement in the fertility of land is low, to say the least.

Even during those years in which an increase in agricultural production is being registered, because of the pressure of a higher population growth rate, the chance of an increase in the agricultural income of each peasant household is pretty slim. The ongoing nation-wide rain water harvesting endeavour is of course encouraging. The problem is: however that it is not based on study; it was started hastily without proper consultation with professionals; attempt was made to translate professional advice without adopting it to objective situation and traditional values of the people in the area; the work was undertaken by means of a quota and campaign system. After a lot of labour and money was spent on the effort, its usefulness and sustainability is still in danger. The big irrigation projects that were started during the previous military regime, like the Alwero project, the Tana — Beles project, the Wabi Shebele project were terminated by wrong political decisions of those who replaced the previous regime. The above cited promising projects which were not completed had consumed millions of dollars and had they been completed could have helped minimize the current intensification of the problems besetting the agricultural sector. All the above cited problems combined indicate not only the slow-paced evolutionary nature of the development in the sector and its structural problems but also point out the fact that there does exist a policy that can tackle the very source of the problem and change it. It would be unacceptable for the people to let the TPLF/EPRDF regime, which because of its dogmatic and incorrect policy has systematically ruined the agricultural sector, stay in power.

## 2.8 Under-developed Industrial Sector

In the past 40 years, the contribution of the Ethiopian Industrial sector to Gross Domestic product (GDP) has not shown any significant improvement. In fact, it can be said that it is standing still. In the past 10 years, the share of the industrial sector to that of GDP was about 10%, lower than the figure during the previous military regime — which was 11.4%. Compared to the situation in countries of sub-Saharan Africa, the share of industry to GDP is less than half. In the first 6 years of the current EPRDF regime, because of capacity improvement of state enterprises and because of the improvement in capacity utilization of the enterprises, the industrial sector had registered an average growth of 7.4%. After those years, the growth in the sector has been decreasing. During the previous regime, the contribution of this sector towards the growth GDP was 20.8%. This figure has now gone down to 13.5%. The share of big and medium sized industries to the total industrial production is 39% while to that of GDP is only

4.2%. At the time of the previous regime, the share of big and medium sized industries to that of GDP was 4.4%, which, compared to the current figure, is higher by 0.2%. The share of the other sub-sectors in the sector to GDP is 2.6% for construction, 1.9% for small scale industry and handicrafts, 1.6% for electric and water and 0.5% for mining.

According to a 2001 World Bank bulletin, the share of Ethiopia's industrial sector to that of its GDP was 7% and that compared to countries in sub-Saharan Africa, this figure was less than half. The yearly average growth rate between the years 1996—2002 was 1.8%. Especially during 2001/2002 its growth rate was - 8%. As a result, the country's per capita factory production per year had gone to as low as 5 USD. After the start of some structural adjustment measures and the changes in tariff reduction there was an expansion of the black market. The competitive capacity of the factories was low. Because of the above and other related problems, a limited number of factories were closed. During this period, there was a reduction in the work force, except for the year 2000, the only year in which there was an increase in the work force. Factories in Ethiopia are not only dependent on foreign inputs, they are also dependent on agriculture for

raw materials. Not only has the industrial sector got its share of structural problems, it has not created a strong linkage with other sectors of the national economy. To grasp the weakness of such a linkage, it only suffice to view the following comparisons:

- Of the total production inputs need by Ethiopian factories 34.3% is obtained from agriculture;
- Of the total production inputs needed by Ethiopian factories 1.3% is obtained from mining;
- Of the total production inputs needed by Ethiopian factories 19.1 % is obtained from factories;
- Of the total production inputs needed by Ethiopian factories 45.2% is obtained from foreign purchase;
- Of the total production inputs needed by Ethiopian agriculture 1.3% is obtained from local factories;
- On the contrary, what the agricultural sector gets in inputs from foreign purchase is 98.7%;
- The amount that Ethiopian agriculture exports to the outside world is 79.7% while the amount that Ethiopian industry exports to the outside world is 20.3%. What can be understood from these is that the relationship that Ethiopian factories have with other domestic factories is 55%. The case of the sector's relationship with the outside world is more or less at the same level. Of the processed inputs, what is available domestically is 1/3 while 2/3 is obtained from outside. Previously we saw the backward linkages that was created between local factories with other sectors of the economy in terms of input provision. Below, we will see the forward linkages that are created between local factories and other sectors of the economy on the basis of what the factories provide for others as inputs.

Of the total factory production 0.5% of the produce goes to agriculture;  
 Of the total factory production 50.8% of the produce goes to other factories;  
 Of the total factory production 48.7% is exported.

On the contrary, from the total agricultural production, the amount directed to factories is 32.4%.

What we understand from this is that Ethiopian industry is not producing what Ethiopian agriculture needs and does not take much from what Ethiopian agriculture produces. As a result, the linkage that the industrial sector has with other sectors of the economy is weak and is dependent on foreign sources. The production structure of the factories has also got a big problem. From the industrial sector, which covers 20% of the country's gross national product, 15% of the constant capital accumulated comes from the sugar and sugar related sub-sector. Of the total work force of factories more than 27% is working in the work creating textile sub-sector. The textile industry sub-sector produces 14% of the capital accumulated in the sector. Beer factories contribute 10% in terms of capital accumulated. In total, the factory sector produces 53% of the additional value created. Its share of the work force in the total industrial sector is 44% and the amount of constant capital accumulated in this sector is 48.5%.

**Reviewing the factories from the point of view of the commodity composition of their produce, we see the following:**

- a) Factories producing consumption items have the largest work force; produce additional value and additional capital formation;
- b) Factories producing commodities for sale have medium size work force; produce additional value and additional constant capital accumulation;
- c) Factories producing capital goods have small size work force; produce additional value and additional constant capital.

When we see the composition of the country's factories, the situation does not help the attainment of higher efficiency, productivity and competition. What we understand from its present composition is that the way that the factories are currently developing is not built on an efficiency that could enable them to withstand both international and domestic competition.

All of the sub-sectors in the industrial sector have not been able to register growth on a constant level. Especially, the growth rate of the factory sector is very slow. Furthermore, this sector is so dependent on outside factors that it is exposed to unexpected eventualities.

As factories using advanced technology such as chemical, steel and engineering factories have not been expanded, it has not been possible to realize a rapid economic development with a free and strong internal strength and linkage.

Most of the factories in the state sector are based on natural resource and hence are simple agro-industrial in nature. The level that Ethiopia currently finds itself in terms of expanding electronic, chemical, machine, steel engineering, transport equipment and weights & measures and similar strategic industries is very very low. In this regard Ethiopia has only managed to build around 1/2 the capacity of Kenya and probably 1/3 that of Egypt. This structural problem is the result of an economic policy and management problem that has inhibited the achievement of rapid industrial development. The policies of the earlier governments had not given this issue the proper attention that it deserved. This current government is likewise, pursuing the same old policy of maintaining the unequal and dependent industrial structure, but in an accelerated manner.

It is of course useful to improve the technological level of agro-industrial factories that are based on the country's natural resources to increase their capacity to earn more foreign exchange for the country. Nevertheless, it would be wrong to take such types of industries as leading and key centres of our industrialization strategy deserving priority in getting investment funds. This kind of approach would further intensify the current structural imbalance. Even in the long-run, it would not enable our country to create a technologically advanced industrial sector. The current industrial policy has completely forgotten strategic industries that have a technological lead, industries that could generate new, rapid and relatively useful mix of products. As a result, the country's economy does not provide internal reinforcement and support within itself. Because of their low production capacities and the problem they have with the low quality of their produce, their internal linkage is very weak. The country's factories procure not only capital goods but also import consumption goods from abroad and are therefore highly dependent on foreign supply and hence are directly exposed to outside pressure. Spare parts, oil and lubricants are imported from the outside. Even though our factories get all their necessary inputs from outside by importing in a large scale, they do not in a similar scale, produce and export, products and inputs necessary for the rest of the world. They import three times the quantity of their exports. Therefore, we can definitely say that in our country factory export is at an infant stage.

Out of the export of the total industrial sector, the share of factory production for export is only 10%. In 2001/2002, the share of the exportable quantity increased 20% and 15%. This was achieved because of the decrease in coffee prices and the resultant decline of the export earning that used to be obtained from coffee. During the particular year mentioned above, the export earnings covered less than 40% of the import needs. This shows that there is a big gap between export and import. The fact that the sector's export capacity has not grown plays its role of intensifying the country's foreign exchange shortage and huge debt burden. Our country's factory sector lacks export diversification. Furthermore, the fact that it does not export all of its products is the other problem. Among the country's factories, the factories that have the highest place in terms of ex-

port is the leather sub-sector, despite the fact that it has not been able to utilize all conducive opportunities and operate at full capacity. Its capacity to process leather is still very low. It has so far managed to get relative advantage for no other reason than that it was an agro-industry with an abundant natural resource base, getting its raw material reliably and at a cheaper price and also because, relatively speaking, it is using cheap labour. But having all these advantages, it has not so far developed its technological capacity. Others like textile, sugar, incense factories have not been able to guarantee their relative advantages in resource base. There are one or two factories that produce parts of vehicles, in small quantities in a non-sustainable way, but which export their products. Apart from these few, the country has no other factories that are designed to produce capital goods for export.

The fact that the export capacity of the factory sector is low does not only indicate the backwardness of the sector, but also demonstrate that the sector has not been given proper attention by the government. Up until the current time, the rulers who hold power in Ethiopia, have hold tight to export not because of any other reason, but because they follow a wrong economic policy.

## **2.9 Environmental Degradation**

Among the factors that intensify the draught and famine situation in Ethiopia, environmental degradation is one of the major ones. Improper usage of land is wasting our soil and water resources. With the increase in the demand for fire wood and construction material, the country's forest is being depleted. This situation has resulted an environmental degradation. Agricultural activity in Ethiopia is fully dependent on nature. Therefore, the issue of guaranteeing food security is invariably tied up with soil and water conservation and soil fertility. Studies undertaken in the late 1980's indicate that the hope that the country harbours towards achieving food security and development are greatly endangered by the damage perpetrated on the land. Up until now, there is no institutional activity that is working in a coordinated, transparent and focused manner to halt and improve the damage on land and the environment.

The land policy has hampered a healthy emigration process from the rural areas to the cities as a consequence of which the population in the country side is swelling up. The main reason for the impairment of Ethiopian agriculture is the absence of a land use policy that is based on the understanding of the importance of land as a resource of economic development. The government has been giving wide support to the peasant sector through its extension program on the assumption that, by building manpower capacity and by fully utilizing rural labour on small peasant holding, the desired outcome will be realized. Nevertheless, all the efforts in this regard have not been able to achieve their goals. The policy, has within itself structural weakness that militate against the attainment a successful outcome. Among these the major once are: An ever increasing population, disturbing land damage, underdeveloped marketing system, weak infrastructure and the absence of a vision to develop those sectors outside of agriculture. The poverty that is rampant both in the rural as well as urban areas is wiping out the purchasing power of the people as a result of which the country's agricultural development can not be realized.

The increasing population in the countryside and the narrowing of an alternative mode of life in the rural areas has left agriculture in a precarious situation. Currently, the population of Ethiopia is over 70 million and by 2022 it is estimated to reach around 138 million. In the next ten years, 76% of the people will continue to leave in the rural areas. In a situation in which it has been difficult to undertake structural transformation in the economy, in a situation in which the surplus labour in the rural areas can not be absorbed, an extensive land and natural resources degradation is continuing. This in turn, is arresting agricultural productivity.

An increase in the population of the rural sector is bound to decrease the size and quality of rural landholding. Its impact on agricultural productivity is, therefore considerable. To alleviate poverty that is intensifying side by side with environmental damage, the government had designed the following: create an early warning system; create a mechanism for an equitable distribution of relief items so as to strengthen the economy in draught prone areas; putting up a mechanism for ensuring planned development and re-settlement program.

But all these mechanisms and programs have not been found to be useful methods for preventing draught and famine. The other measure that were enforced even during the previous regime, emergency food security reserve; the food security strategy designed by the current regime, the new mechanism worked out by the current government in cooperation with donors to set up a food security systems to sustain up to 15 million people from 3 to 5 years etc...all this have not been fruitful.

The main reason for the rapid deterioration of the environmental situation in the country's history, for the decline in rural and agricultural development and for the object poverty that the peasant finds himself in is because, starting from the imperial times up to now, development options and directives are originated and disseminated from the top downwards, without the participation and knowledge of the peasantry itself. This is despite the fact that the problem is mainly a problem of the peasantry. Bureaucrats that design plans and policies, development coordinators and authorities legislate laws and directives and impose it on the peasantry. They are not used to, and never had the desire to seek valuable advice from below that could help in the formation and implementation of policies by the rulers at the top. The standard practice was to impose policies from the top and force the peasantry to implement them. The Ethiopian peasantry had never been given the chance to seek its ideas and participation in the preparation of policies that have huge impact on its own life.

## 2.10 Unemployment

The absence of a development policy conducive to the encouragement of investment and job creation has led to the exacerbation of the unemployment problem. The national curriculum has proved to be a mere guide to training manpower with little or no relevance to the genuine development needs of the country. Consequently, with no prospect of job opportunity, the majority of school leavers have no other alternative than become the burden of their parents or of the nation itself. Furthermore the absence of a strategy designed to bring under control the high rate of population growth, environmental degradation and promote soil fertility contributed to the emergence of a high rate of unemployment among agricultural workers. The diminishing rate of peasant holdings and soil fertility as well as the rain-fed pattern of agriculture has led to the under-utilization of the employed labour force. The land tenure policy which denies private ownership of land has led to a situation where peasants are permanently tied up to their respective plots, hindering the flow of labour mobility. This phenomenon is at the root of much of the current rural unemployment.

The priority task of the creation of a growing job market to absorb the steady flow of school leavers has remained largely unaddressed owing to the government's over-commitment to what it calls "The Civil Service Reform Programme", euphemistic designation to the government management of the massive lay off of the public sector workforce following the introduction of the Privatization Programme. According to the 1994 Population and Housing Census, 32.4 million of the 44.7 million working age population was unemployed. That means that 72% of the working age population is unemployed. Urban unemployment stands at the staggering rate of 30 — 40%.

### 2.11 Exacerbation of Poverty

A comparison of Ethiopia with a selected group of fellow African countries with the use of standard indicators would give a better insight into the abject poverty in which this country finds itself. Ethiopia's current annual per capita income is USD 100 while that of Africa as a whole is an average of USD 800. A look at a selected group of African countries would show USD 360 for Kenya, 330 for Sudan and 1390 for Egypt. Various studies have demonstrated that 50 out of 100 group of Ethiopians are below the poverty line.

Some forty years ago, 35% of the peoples of East and South East Asian nations were in a state of absolute poverty. Within a span of just 20 years, they were able to reduce that percentage point down to 10%, while that of Ethiopia increased. Supposing we made a progress pressing ahead at a rate similar to theirs, it would have easily taken us 40 years to reduce our poverty level to 35%, the level they had been at twenty years ago.

A plan to improve the condition of the absolute poor in a lesser time span would call for a steady growth rate of 8% per annum for at least twenty years and the creation of at least one million new jobs every year.

Urbanization is underdeveloped in our country with only 15% of the population living in urban centres as compared with 34% for the rest of the SubSaharan African countries. Poverty is pretty widespread in the country but more so in the rural areas. The main cause of rural poverty is the land tenure policy which has stifled labour productivity as well as the diminishing size of peasant holdings. The steady rate of population growth, the static rate of development of the education, health, clean water supply and other social services and not least the cyclical drought which has hit the country are the other factors aggravating rural poverty. A study carried out five years ago has shown that food accounted for 60% of the nation's expenditure for consumption items. The percentage point is even more for the rural population. According to the WHO recommendation, the average daily calorie consumption should be 2000 per day while the existing Ethiopian average is no more than 954 calories a day. The same study pointed out that two-thirds suffered stunted growth. More than a quarter of the rural population (men and women alike), suffer of under nourishment. The figure is known to have further increased in the year 2002/2003. The 1998 mortality rate for under one year and below five year children was 173 and 107 per 1000 children respectively.

The corresponding figure for Sub-Sahara countries is 151 and 92. Another study points out that more than 10% of the infants die before completing their first year and 8% before their **10th** birthday. This figure is very high compared with the countries of the Sub-Sahara Africa. Under-nourishment among children below five years of age is 48%, the highest in Sub-Sahara Africa.

According to a 1997 statistics the figure for communications was as follows: Telephone lines - 3 per 1000 population, TV sets 6 per 1000 population, radios - 196 per 1000 population, mobile telephones a negligible fraction of one per 1000 population. The figure for Kenya was along the following order 9, 22, 104 and 1 while that of Sudan stood at 3,173,271 and 0. The figure for Egypt in the same year was 9,183,160 and 3 respectively. The average figure for Africa was 18,59,214 and 14. A UNDP data of the same year showed that Ethiopia registered the least achievement in the combat against illiteracy, child malnourishment, housing shortage and in the provision of sanitary service.

The Ethiopian human development index was just 25%, a figure which is only one-third of the recommended world average, less than one half of average of the developing world and three-fourths less than the least developed countries (LDC). Successive UNDP human development reports have shown that the Ethiopian performance has been in a steady decline. In 1991 Ethiopia ranked 138 in the world in the human development performance. In the last two years Ethiopia's rank in the 175 nation world was 169th and 170th

Prospects that the situation would soon improve have been rudely dashed by the fast deterioration of the economic and social conditions and the increasing rate of the population which now stands at 70 million. Ethiopia is thus the second most populous nation in Africa and the ninth in the world. Population density has reached over 63 per square km, as compared with 27 for the rest of Sub-Sahara Africa. The settlement pattern is characterized by sparse population in the low-land areas and high population density in the highland areas making up less than 40% of the entire land mass.

Population growth rate is 3% per annum. The population which was 38 million in 1978 now stands at 70 million in 2005. If the current rate continues unchanged, the population will have almost doubled in 23 years. In the year 2027 the population will have reached 138 million. An Ethiopian mother gives birth to an average of six children, according to recent data. No less than 50% of Ethiopians are less than 16 years old while those over the 60 year bracket are below 5%.

The use of contraceptives is rather limited. In the period 1990-98, only 4% of the married women between 16 and 49 age bracket used contraceptives. The data indicates a high reproductive rate and a low family planning service. As things stand, the prospect of the introduction of a radical family planning scheme to make a significant difference in the baby boom rate is indeed a very remote one.

One hopes that the above indicators have gone to some lengths to provide an insight into the state of the socio-economic underdevelopment in which the country finds itself and into the depth and extent of the concomitant poverty. A potent reminder of the depth of the indigence is the extreme urban poverty which has pushed a good percentage of the urban population into pauperism and squalid homelessness. The level of poverty in which citizens find themselves is not easily quantifiable and single-dimensional. The fact of the matter is that the current state of poverty in which the country finds itself is so ghastly profound which no quantification method can hope to fathom.

Poverty may, prima-facie, appear a situation of a mere paucity or absence of pecuniary resource but a closer look shows that it is a phenomenon of privation of resources coupled with a host of factors outraging the very essence of the human dignity. Poverty manifests itself in seemingly endless forms: ill-affording balanced diet, poor health, lack of educational opportunity, squalid shelter, unemployment and underemployment, inequity and inequality and a condition of being bereft of civil and human rights etc. Poverty also manifests itself in ways which are emotional and psychological such as the awareness of the failure to guide one's own destiny, defend one's own personal dignity and succumbing to total desperation. Ironically, the hardest hit by poverty are the poor themselves. Unemployment gives a simultaneous rise to dwindling income, hunger, ill-health, lack of shelter, and to getting raggedly dressed. Lack of balanced diet entails a harmful physical and mental consequence. Ill health entails physical disability and an enduring negative impact on the lives of people.

The occupation and life style of parents has a significant impact on the upbringing, edu-

cation, health and the overall future of children. The mother and child under-nourishment is the symptom of what lies ahead for the generation to come. Needy parents are in no position to provide for the health and educational care of their children. They would be at a loss about the educational care of their kids if they themselves are unschooled.

Poverty is, on the whole, a complex multifaceted phenomenon. There can be no easy solution for the deep rooted poverty in our country. Poverty is particularly difficult to overcome in countries where democracy and good governance are not deep-rooted. Poverty in our country has become deep-rooted and particularly challenging, not because the country lacked national resources with which to pay it's way through to development, nor the required manpower, nor that it stood in need of donors. Rather, it is the problem of democracy and good governance which, unfortunately, is in short supply in our country. Countries that are less endowed with material and technological resources than we are, have successfully overcome poverty and are firmly on the road to socioeconomic development.

A socio-economic order which thrives on poverty has now been established in Ethiopia, whose interest is best served by perpetuating poverty. All socio-economic orders have the shared apprehension that national development and the improved welfare of the people would be detrimental to the vested interest of the ruling elite. They believe that poverty stricken people are easily governable. Poverty is therefore to be nurtured and not to be eliminated as far as they are concerned. They believe that people with full belly are a potential danger for their hold of power, hence their commitment to making sure that people are kept in poverty. Elimination of poverty means a stop of the external resource flow in the form of loan and assistance to pro-poor projects. It would mean a threat to the oasis of luxury they had built-up in the midst of the desert of poverty.

They would rather see the progressive impoverishment of the nation and its citizens in exchange for the consolidation of their power and the maximization of their life of comfort. Every one knows that it is not the leaders of the rich countries but rather those of the poor ones that deposit huge sums of money and gold in foreign banks. The situation in Ethiopia cannot be otherwise. Once a government is firmly in the saddle of governance, it would be a wishful thinking to believe that it would care to address the problem of poverty reduction and elimination.

## **2.12 The neglected field of small-scale industry**

No less than 76% of the Ethiopian industry is made up of cottage industry or rather handicraft. In much the same way as the agricultural sector operators with small holding peasants, the major players of the industrial sector are also small scale industrial operators or handicraft workers.

The handicraft sector, though of a long standing tradition, has never been known for the quality and marketability of its products, which is why it has remained stunted. The sector which has traditionally called for limited labour and capital, would have benefited not only the sector players but would have also significantly contributed to industrial development by playing a back-up role, if appropriately reinforced. If the existing activity in carpentry, masonry metal-works, leather craft, pottery, garment manufacturing, weaving, joinery etc. are properly organized and provided with the marketing know-how, they could at least create job opportunity for many more. They could contribute to foreign currency saving, the promotion of technology and labour discipline which are the essential bases for industrialization. First, they have a significant role to play in helping meet local demand. They train technicians that can easily be absorbed by any sec-

tor of the industry. Important as the sector undoubtedly is, it has never been given the attention it deserves which is why it cannot be said to have contributed to the national economy.

## 2.13 A Social Service without Sustainable Development

### 2.13.1 Education

The purpose of the current educational policy is not to create an all round citizen capable of thinking, working and living independently in an open society, but rather to promote the ruling party's ideology of the so-called "Revolutionary Democracy." In a publication titled "Basic Question of Democracy in Ethiopia" (August, 2000), this is what the ruling party has to say about Revolutionary Democracy (RD). (Pages 91-117)

*"Consolidating the RD primacy involves the creating of conditions where people end up in revolutionary democracy, since revolutionary democracy underlies the thinking of social groups whenever they ponder on a question. Revolutionary democracy, being an all-pervading phenomenon, must be imparted in such a way that individual thinking should limit itself within its premises.... In order to consolidate the primacy of the doctrine of Revolutionary Democracy, a structure must be firmly in place with which to shape the thinking of citizens. Schools have obviously a vital role in that task.... Revolutionary Democracy should be not the component of academic courses but should also be mainst reamed in all training endeavours such as civic education, democracy education etc.*

While the main task of RD activists is to make sure that no one thinks outside the premises of revolutionary democracy and to discourage independent thinking, schools and teachers ensure the primacy of the ideology of the ruling class. Following the suspension of some Oromo students from the Addis Ababa University last year the Prime Minister remarked that the source of the problem was the weakness of the EPRDF structure in the educational institutions. In short, the main purpose of the education system is to indoctrinate the youth in the ideology of the ruling party.

Just like the constitution, the existing educational policy is the vehicle of the philosophy of the ruling party. The educational policy formulated without the participation of the stakeholders, i.e. parents, students, teachers, civil societies and the people at large, was simply imposed on the society. It was not based on an exhaustive consultation and preparation aimed at resolving pre-existing questions of equity and quality of education. The three stage (8+2+2) educational system introduced by the ruling party is in incongruent with the mental and physical development of the children and lacked logical consequence from one stage to another. Proceeding from the erroneous assumption that the 12 year primary school course can be covered in 10 years the government decreed that the **10th** grade be the last stage of the grade school. The decision was a disastrous one which had ushered in the period of the quality degradation of Ethiopian school system. In the first place, the school leavers still under 15 years of age, are too young for the labour market. There is no way to tell whether the two year pre-university preparatory stage for those who had passed the **10th** grade exam is a college or a high school. It is in fact neither. Those who had failed the **10th** grade exam go to a vocational training school which again is very difficult to say whether it is a high school or college: The 12+2 and 12+3 College level diploma course provided by the universities has been abandoned. First degree course has been reduced from 4 to 3 years. The new programme is one which compromises the quality and international acceptability of the Ethiopian University degrees.

The illiteracy degree of Ethiopians above 15 years of age currently stands at 70%, a con-

siderable reduction of the 93% which was the percentage point of illiteracy rate of the imperial era. The literacy campaign introduced and implemented by the military regime (1974-1991) had dramatically sunk the illiteracy level down to 37%. The present government's disregard to the literacy campaign has led to the rise of illiteracy to its present level of 70%. Illiteracy is more widespread among women than among men: 68% and 32% respectively. 40% of Ethiopia's primary school age children have no chance to go to school.

Currently, only 12% of Ethiopia's secondary school age children have a chance to go to high school. This is the enrolment rate and not the rate of the real attendants which is no more than 8%. The rate of women students in the schools is rather low. The women participation in the 9-10 grade is 36%, in the vocational training centres 47%, and in the preparatory 28%. The participation of girl students in the urban centres is 36% and 29% in the rural areas.

Higher education is a relatively recent phenomenon, dating back to roughly half a century. Some 99% of high school graduates do not gain access to university. Higher education facilities are extremely rare in cities outside Addis. There has been a laudable effort in recent years to expand institutions of higher learning but the distribution imbalance did not help alleviate the problem. The trend of the localization of new universities appears to benefit not the under privileged areas but rather those in the major urban areas.

Educational administration is by and large under party control, where professionals are gradually replaced by party activist. This situation has delayed the emergence of a stable teaching and learning condition. The prevailing trend is to prefer party loyalty to professionalism, and to sack those who refuse to toe the party line. Unable to put up with the undue pressure they have been put under, a great many teachers have been forced to resign their posts.

In the absence of a uniform teaching and administrative staff recruitment and training policy promotion has become dependent on political criteria.

The ruling party's policy is to control the educational administration through a strict centralism and state intervention. It make sure that its political cadres control all key position and non-conformists are invariably shown the door.

Teachers as the main players of the educational sector development, are under party pressure not to set up independent associations and play a vital role in improving the quality of education. Rather than being centres of free academic life and a generation's intellectual formation, schools have now been transformed into the ruling party's cadre recruitment and policy implementing centres.

The educational standardization policy varies from one region to another. The absence of a minimum standard which could have facilitated the adoption of a uniform procedure is at the root of much of the current confusion. A school boy or girl of a region who for some reason had to continue their schooling in another region, would run into a problem to continue their schooling. These regional differences have tended to complicate the task of creating an Ethiopian of a single political and economic society.

The educational situation is even more confusing when we look at the condition of **8th** graders. A student who flunks the **8th** grade state examination is as good as expelled from school. There is no way he/she can be readmitted in the **8th** grade to prepare for re-examination. Those

who cannot make it are in fact out of school for good. Another intriguing feature of the high school system is the '10<sup>th</sup> grade or rather the high school graduates who are too young for the labour market. This has therefore forced them to be the burdens to their parents and to the nation as well. Students who had completed their **12<sup>th</sup>** grade according to the previous curriculum and those who had flunk in the **10<sup>th</sup>** grade examination are denied the right to improve their performance and sit for re-examination. Those undergoing junior technician training under the 10+1 provision are entitled to join the intermediate level, provided that they score 75% in their final exam. With only 10% taken up for the course the rest are denied any chance for advanced training.

The spate of regulations, guidelines etc. issued on training, qualification, standard, etc. has effectively hindered private colleges to come up with a definitive course syllabus or maintain a healthy relationship with their trainees. Another problem is with the preparatory school which provides a course incompatible with the needs and capacity of the students and no relevance whatsoever with the country's needs for trained manpower. It has been proved that children who had covered the preparatory syllabus were found to be ill prepared to qualify for a higher education training. The policy of the ruling party denies students who flunked in their exams the right to repeat classes and re-sit for the exams.

The shortage of appropriately trained teachers in all fields, the introduction of the shift system, the self-contained unitary approach, the shortage and qualitatively inferior supply of educational input, the freezing of the salary increment and regular scale promotion of teachers, the unresolved problem of educational management and administration, the absence of a clear-cut and integrated procedure with regard to the use of vernaculars have all contributed to the decline of quality of education.

No less than 22% of the primary school intake drops out before reaching the **3<sup>rd</sup>** grade. An even more greater percentage of urban school children are forced into flunking out, owing to class-room congestion. The current teacher to student ratio of 1:60 and the classroom to student ratio of 1:70 has further compromised the quality of education. There are worse cases of congestion of 1:120 classroom/student ratio.

Only 36% of high school teachers are known to have been appropriately trained. The case of instructors of technical subjects is even worse where a learn-as-you-teach regime had to be adopted, i.e. where teachers undergo technical courses on week-ends to be able to teach on work days. The teacher/student ratio in this category is 1:70 whereas of student/class room is 1:80. Text-books are too few and so inferior to measure up to the standard of the students. They are repetitive and, often than not, convey wrong messages. The text-book per student ratio is 1:5. The Plasma TV remote teaching system launched this year, hastily put together and operationalized has already been far from effective. Indeed, there is a shared concern that it might negatively affect the grade students national examination performance. And on to the bargain, the screening is not scheduled to be concurrent with the time the students sit for the national examination, not to mention the inherent problem of language and the speed with which it is spoken. The imparting effectiveness of the medium is very much to be desired. Education quality has meantime hit a record low-level.

An additional but nonetheless telling indicator of the dramatic quality deterioration of education is the steady rise of the rate of students adjudged unsuccessful in the **10<sup>th</sup>** Grade National Examination. The 2004 NE had witnessed cases in numerous schools where more than 50% of the candidates failed. The low-performance group who could not make it to the prepara-

tory programme and directed to the Vocational Stream are known to have poorly fared in the training. Much of the problem is to be attributed to the emergency manner with which the programme had been implemented before one made sure that requisite preconditions, including skilled teachers, teaching manuals, vocational schools and other conditions were firmly in place. Admittance to courses done in complete disregard of the aptitude and vocation of the students has led to poor performance and to an increase in the drop-out rate. And those who had just made it are often relegated to the prospect of swelling the ranks of the unemployed, in a situation where a policy of competitive employment is inexistent and investment is rather sluggish. Speaking of vocational training, one sincerely doubts whether the government has freed itself from the national cultural trait of reserving a depreciative attitude to technical vocation. Nothing can be more illustrative of this inherent propensity than the policy which allows the intake of the vocational training programme to rely exclusively on the **10th** Grade Examination flunk-outs.

The government under the military regime had adopted a system where a parallel programme of academic and vocation training was conducted in a limited number of model schools. The current approach has in contrast, adopted an approach of separate institutions for academic and technical streams, but its some what odd prescription that the vocational training programme intake should rely on high school flunk-outs, has cast doubt on the appropriateness of the programme. Furthermore, the prospect for technical high school graduates to qualify for university-level training has thereby been rendered bleak.

Even worse is the ethnic-regional bar which blocks students not of their own ethnic area from joining universities regardless of the fact that they had gone through similar preparatory facilities with the ethnically privileged group.

Quality of education in Ethiopian universities has of late declined rapidly. There are many reasons for the phenomenon, the most important of which are the administration and remuneration of the teaching staff, the over-capacity intake of freshman, the adoption of unrealistic criteria just to achieve set targets and the under-equipment of many schools with needed materials, as well as the low standard of high schools which can no longer produce students capable of grasping and following university lectures. Ethiopian universities have so far not engaged in major research projects. And the few that have, focus on areas which have no relevance for the country's needs.

Another problem which students and parents had to live with is the introduction of school fees in the vocational and the post-tenth grade preparatory schools. The payment is far from the financial capacity of many parents who are finding it increasingly difficult to meet even their household expenses. Another problem area is the under-achievement of the high school programme for the promotion of women and disabled students which has failed to make any head way due to regulations follow-up.

A procedure is nowadays becoming a trend which has made EPRDF membership a requirement for a scholarship grant. Academic requirement for short and long-term advanced training abroad has given way to the requirement of political affiliation. The exclusive beneficiaries of the distant education arrangement which the government has made with some foreign universities are the leading cadres of the ruling party. Some of the candidates of the masters programmer of the distant education had not fully gone through high school education, but are, nonetheless, admitted to some how make it in order to qualify for senior posts in the government. The sole beneficiaries of scholarships and other grants provided for the nation as a whole are the cadres of a

single party, an act which should be regarded not only as inequitable but as criminal.

Educational budget is chronically scanty, constituting only a 4% share of the national annual GDP. 50% of the educational budget is dependent on external credit and aid.

The following figures can hopefully provide some insight into the state of educational financing in the last 30 to 40 years. The educational budget of 1973/74 accounted for 17% of the national budget. The 1987 share was 10.8% of the national budget. In the period between 1997/98 and 1902/3, the educational share of the national capital budget was 8.8% minimum and 13.6% maximum. In the same period, the educational share of the regular national budget was 9.5% minimum and 18.5% maximum.

The rapid population growth rate of our country is bound to seriously encumber the national bid of education for all. With family planning covering only 3% of families the school going children population will have increased by 50% in the year 2016. This development is likely to put in doubt the achievement of the Millennium Development Programme.

### **2.13.2 Health**

The health condition of our country is precarious. Ethiopia is a country where disease is widespread. The high incidence of infant mortality and the short life expectancy of adults are indicators of the underdeveloped nature of the national healthcare service. Equally, hospital and medical services have yet to develop significantly. The people's awareness about health care and preventive health is still very low.

80% of Ethiopia's health problems are preventable and nutrition related diseases. Death may well be said to have cast its shadow on the Ethiopian health condition owing to the precarious economic condition of the people, unsanitary environments, the low level of health coverage and the paucity of other social services. In 2002, Ethiopia's health coverage rate was 61 %. It is estimated that three-fourths of the current mortality is caused by one or all ten diseases. Of these 17% die of delivery related complication, 14% of respiratory infection, 14% of malaria and 8% of malnutrition. In the infant mortality of children under 5 diarrhoea has an estimated 8% share, HIV/AIDS 7% and TB

5%. Currently Ethiopia's number one killer disease is HIV/AIDS. In view of the high mortality it has inflicted on the people, HIV/AIDS should be regarded as an emergency case. Of all the diseases plaguing this country HIV/AIDS exerts the severest social and economic pressure. As one of Africa's hardest hit countries the death toll has already reached several millions. More than 10% of the people live with HIV/AIDS. Ethiopia's second major killer is malaria which takes a toll of 20,000 people a year.

The poor nutrition condition is in part to blame for the poor health of our country. Various studies have proved that Ethiopia is one of the countries of the world where nutrition condition is the worst. Low calorie intake is pretty widespread. Nearly 50% of the under 5 children are deprived of a balanced diet. Two thirds of the children suffer from deformed growth. 10% of them are skinny and stunted. Children who had to contend with malnutrition and other health problems will invariably have to put up with poor physical resource and productivity. This problem is the threshold for a condition of a life-long mental flaccidity and a low abstractive power. In view of the prevailing conditions in our country, the principal player in the health service delivery is the state. But resource limitation can well be said to have almost paralysed the health care service. The number of health care institutions, their geographical distribution and the type

of the service delivered is woefully inadequate. The number of the professionals of the sector is a little more than insignificant. Health service coverage is less than 50% of the people. The health centre to population ratio is one health service delivery centre to about 22,000 people.

In mother and child mortality rate, in life expectancy average as well as in other health condition indicators, Ethiopia is among the least performing countries in the world. A comparison of Ethiopia's condition of the year 2000 with some African and Asian countries would best provide an insight into the Ethiopian condition.

In Ethiopia the doctor to patient ratio is 1:35,000, and that of a hospital bed 1:4140. No less than 50% of the doctors of the country are based in the capital city of Addis Ababa. In contrast, the Kenyan doctor to patients ratio is 1:27,000 and that of hospital bed is 1:602 patients. Sudan's doctor to patient ratio is 1:9548 and that of hospital bed is 1:919. The Egyptian doctor to patient ratio is 1:1573 and that of a hospital bed is 1:476.

With regard to clean water service delivery, only 22% of the Ethiopian people are the beneficiaries of clean water service of which 77% in the urban and 13% in the rural areas. In contrast, the figure for Kenya is 40% of which 89% urban and 25% rural area. The figure for Sudan is 67% of which 97% urban and 91 % for the rural area. The overall African average is 56% of which 86% is urban and 43% rural population. In Ethiopia more than 76% of the people are exposed to water-borne vector transmitted diseases.

Speaking of sanitary services, only 15% of the Ethiopian people use latrines, of which 58% are urban and 6% are rural dwellers. The corresponding figure for Kenya is 86%, 96% and 81% and that of Sudan is 62%, 87% and 48% and finally that of Egypt is 94%, 98% and 91 %. The African average is 60% of which 60% for the urban population and 45% for the rural area.

The current Ethiopian under 5 five year children mortality rate is 187 per 1000 while the Sub-Sahara figures is 114. Delivery related maternal mortality rate for Ethiopia is 871 per 100,000. Infant mortality rate in Ethiopia stands at 11%, that of Kenya 7% that of Sudan 7% and of Egypt 5%. 35 years ago the Singapore infant mortality rate stood at 6% that of Korea at 6%, Hong Kong 3%, Philippines 7%, Malaysia 6%, Thailand 9% and Indonesia 13%. The Ethiopian life expectancy average is 43 years, while that of Kenya is 51 years, Sudan's 55 years and Egypt's 67 years. The African average is 54. Ethiopia's health budget is extremely low constituting only 1.5% of the Gross Nation Income.

### **2.13.3 A debilitated Infrastructure**

The state of infrastructure development determines the cost of transport and production. It has a critical impact on an establishment's efficiency and competitiveness. In Ethiopia, such infrastructure as energy, water resource and communication are still in a state of underdevelopment. Inter-regional infrastructural development is still lopsided and inequitable. Service delivery in the sector, particularly energy and water supply cannot be said to be steady and reliable. Infrastructural inefficiency leads to high transport and freight cost as it also inhibits investors.

#### **• Transport**

The Ethiopian transport service is still underdeveloped. This is especially true of railway transport. The Ethiopian road network is still underdeveloped, even by African standard. A 2000 UN data figure shows that the Ethiopian road inter-connection rate was below 15%. Major parts of the rural areas have yet to be served by rural roads. Road maintenance service, relying as it does on dated technology, is further handicapped by resource constraints. This state of affairs has led to

delays in the freight haulage from port to centre and further on to the regions. Delays in goods distribution have unnecessarily hiked transport cost. The Ethiopian international air transport service is undoubtedly of world standard, this unfortunately does not apply to its domestic service compared particularly to road transport. In short, the low level of the sector's development and the paucity of the maintenance and repairs backup service have negatively impacted transport cost and safety standard.

### • Energy

The key role energy plays in the national development endeavour need hardly be emphasized. Ethiopia boasts a huge potential of both renewable and nonrenewable energy sources. The current energy consumption relies up to 94% on traditional sources such as fire-wood, animal dung and agricultural waste while the consumption of hydroelectric and hydrocarbon based energy accounts to only 6%. The nation's highest energy consumer is the domestic sector, up to about 85%. This should give an insight into the degrading impact it may have on the environment. The modern energy sector, though limited in supply is heavily burdened with an incommensurably high foreign exchange cost component. The national energy problem is both complex and with a cross-cutting negative impact on the economic and social life of the society and one which has an exacerbating potential unless the issue is urgently addressed in terms of an immediate introduction of a structural change. A comparative look into the Ethiopian energy consumption pattern based on a 2000 data-base would probably provide a better perception. Ethiopia's electricity consumption (per million kwh) was 22.2 while that of Kenya was 129.5 and that of Egypt was 861.1 or 24 times larger than ours.

One realizes that a major hydro-electrical project is under way which when operational, will significantly step up the energy production. Important as this may be, it is still an infinitesimal part of the harnessable potential. Preliminary studies of the country's water resource indicate that numerous inexpensive hydroelectric projects can be carried out in most of the river basin areas. Currently, we are paying dearly for our failure to immediately go ahead with such a hydroelectric development project. We have failed to put an end to the on-going deforestation by providing alternative energy. Despite the availability of viable energy sources, our underdeveloped technological capability has forced us to focus almost exclusively on hydroelectric energy. Even in this particular field, Ethiopia's per capita energy consumption is rather insignificant compared with the Sub-Sahara average per capita consumption which according to the World Bank stands at 454 Kwh, while that of Ethiopia is 22 kwh. The abundance of electric energy supply is a precondition for a reliable industrial development. But the situation in Ethiopia is quite different. In Ethiopia, still only 5% of the people have access to electricity. The country is endowed with numerous untapped rivers capable of producing 15-30 thousand Megawatt (MW) electric energy. So far we have harnessed only 1 % of our potential.

The Ethiopian energy undersupply is further compounded with supply unreliability. Unexpected blackouts and load falls, which we have been forced to put up with now-days have played havoc with the production and service sectors of the industry. Energy rationing has been applied which, though extenuative of short-term pressure, is in itself fraught with problems. Surprise blackouts may have not only serious impact on state revenue but would also expose the operator to extra expenses. Overhead expenses have to be met whether energy is supplied or not. Besides the inevitable loss the operator has to incur, one has to reckon with a serious consequence on the energy industry, without a reliable functioning of which the task of attracting direct foreign investment would at best be a challenging one.

### • Water Supply

Ethiopia's clean water supply service is backward and inadequate. The national safe water supply service cannot be said to cover more than 20% of the people. This percentage point may shrink when one takes the question of service reliability and sustainability into account. Interruption and decrease in supply has become pretty routine. Another problem is the low quality of the supplied water. The Addis Ababa water supply is, for instance, up to 33% polluted owing to the leakage and rust of the piping system.

### • Communication

The single most important area in which Ethiopia is singularly backward is the area of information technology. Information technology is a comprehensive area embracing computer, computer networking, radio, television, telephone, fax electronic e-mail, internet, teleconferencing etc. Computer service has made little or no head way, outside major cities and a selected group of public and private set-ups. Internet service is still in its infancy. Internet service is underdeveloped, until recently, with a distribution ratio of less than 1 unit per 10,000 people.

### • Relative Situation of Communication and Communication Technology

The following comparative statistics of the year 2000 of a selected group of African countries shows that our country is the most under wired of them all. The telephone set to user ratio is 3:1000 for Ethiopia 9:1000 for Kenya, 3:1000 for Sudan and 9:1000 for Egypt and 18:1000 for the rest of Africa. The mobile telephone to user ratio is below zero point in Ethiopia and Sudan whereas the figure is 1:1000 for Kenya and 14:1000 for Egypt and the rest of Africa. Television is 6:1000 for Ethiopia, 22:1000 for Kenya, 173:1000 for Sudan and 183:1000 for Egypt whereas the African average is 59:1000. The radio set to user ratio is 196:1000 for Ethiopia, 104:1000 for Kenya 271:1000 for Sudan, 160:1000 for Egypt while the African average is 214:1000. The share of computer and internet service in Ethiopia is still very modest with only 740 units per million users for Ethiopia 4240 per million for Kenya, 2940 per million for Sudan and 1200 per million for Egypt while the African average is 8770 per million. Internet distribution is 10 per million users for Ethiopia, 250 per million for Kenya, 550 for Egypt while the African average.

## 2.14 Lack of democracy and good governance

Ethiopia's present socio-economic condition quantified with standard indicators is indeed the source of humiliation for its citizens. In the 2003 UN Economic Commission, good governance survey of 28 African countries, Ethiopia ranked second from the bottom in vital performance areas, including political devolution, corruption control, economic management, in ensuring of the freedom of the media and the civil service and the institution and of efficient operation of democratic establishments, etc. Even at this very time of the dawn of the **21st** century, Ethiopia has not been able to rid itself from oppressive rule. For all the centuries old tradition of the Ethiopian polity, the Ethiopian political experience was not one of democracy but rather one of a succession of oppressive rules. The life of the people was also one of a struggle to adjust oneself to the long and steady process of national impoverishment. Despite the congenial natural conditions favourable for development, not a single order of good governance was built, a situation which brought about the steady impoverishment of Ethiopia.

Ethiopia is a classic example of a country where favourable natural conditions in themselves and by themselves are not the sole factors of development. But countries with none of the natural endowments enjoyed by Ethiopia, have dramatically out-stripped our country by creating the good governance conditions essential for a sustainable progress and development. Ethiopia's woe has been rendered particularly acute not just by its failure to create a democratic order capa-

ble of extricating it from the grips of poverty but also by the current oppressive regime with its unprecedented policy of divide and rule and high-handedness.

It is not just its grasp of power by sheer force of arms that made the present rule particularly oppressive. A grasp of power by force of arms is of course not peculiar to this government. Many had shot their way to power and were in their turn shot out of it. This is not the only regime with a communist background. Many communist oriented liberation movements and nationalist forces the world over have now adjusted themselves to the world's new power alignment. But the condition in which this regime finds itself is a unique one. One of its problems is its failure to free itself from communist hangover and the second and most dangerous aspect is an obvious attempt to blend the bush-born and nurtured dictatorship with state corruption. Although readily disguised as market economist and pro-capitalist, it has never given capitalism anything more than a mere lip service.

Instead, it came up with what it called Revolutionary Democracy (RD), a socio-economic doctrine diametrically opposed to market economy and capitalism. The regime professed itself pro-capitalist not out of conviction that this was the path for national development but rather that it had to. The regime realizes that with a head-long clash with capitalism it can not hope to hold the reins of power. Rather, it has preferred to wear the label of capitalism for no other reason than to ensure the flow of Western resources in the form of credit and aid grant. This is a regime hidden behind a structure which is neither easy to tell whether it has fully severed itself from communism nor difficult to say it is not fully capitalist. A government with a split loyalty to two socio-economic orders cannot be singular minded enough to resolve the major problems which the country would like to see resolved.

Despite the promises it has kept on making ever since it took power, the regime in power cannot in reality be said to have altered the lives of the people in any significant way. Prodded by external forces and international financial institutions, and not really out of genuine commitment to development, the regime is known to have bustled about to implement development programmes known with such vogue catchwords as structural adjustment, civil service reform and rejuvenation measures, poverty reduction etc. In a situation where enabling conditions for the implementation of those bids are not in place, there can be nothing one can hope to achieve however obedient one can be to external biddings. The implementation of a bid, be it the so-called structural Adjustment Programme, leadership rejuvenation, poverty reduction or whatever, demands that a democratic order and good governance should be firmly in place. It just happens, however, that we are dealing with a regime to which democracy and good governance are alien. The true characteristic of this regime is a political power set up with the force of the gun and an institutional corruption based on this same illegitimate power.

The Intervention Proclamation, legislated in clear violation of the constitutions of the regional states and the Anti-Corruption Proclamation which denies an individual's right for freedom on bail, and the specific law passed to suspend an individual or institution's right for free expression and information are laws designed to violate the citizens' right to work and make a living and to facilitate the executive body's unlimited exercise of power. Legislative power is exercised not by the Lower House deputies who at least formally, represent the interest, needs and outlook of the people but rather by the ruling party activist which virtually reduced the house to a rubber stamp parliament. This is a parliament which did not raise a single voice of concern when the national sovereignty and interest was violated. It preferred to remain indifferent in the face the human right violation of citizens and failed to inquire into the cold murder of citizens. It is a par-

liament which did not care to react against deliberate moves which gazetted laws giving them rights not specifically sanctioned by it. It did not react to deliberate moves to make laws inapplicable. In short it is a parliament with no power to legislate for the establishment of free and democratic institutions. It must be emphasized that the people have not been empowered to jointly build a constitutional order for a peaceful co-existence, for mutual respect and for the accommodation of mutual interest. The existing constitution was drafted, approved and imposed on the people by a single party, without the participation and discussion of all groups of the society. The constitution, though wrapped up in a list of insincere human rights items, is in effect a copy of the political programme of the ruling party. Consequently, in the absence of a democratic polity, called to life by the will and consent of all sectors of the society, the country had to fall under the rule of a regime relying on the force of arms. In view of the ruling party's resolve to rule under bush law, one questions whether there is a moral order in the country committed to promoting the rights and interests of the people.

### **2.14.1 Absence of an independent judiciary**

Following the plan to reduce the judiciary into becoming the tool of the government, the judicial system was restructured on revolutionary democratic model. Thus, law and justice, trampled afoot have yielded to the power of the ruling party. Jurists were one by one shown the door to make way for cadres immersed in Revolutionary Democracy. In the absence of an independent judiciary and the rule of law, no citizen can hope to take recourse in the law to redress grievance. With the judiciary under the effective control of the executive, there is no legal guarantee that individual rights are protected by the law. Eligibility for the post of a judge calls not just for professionalism and good conduct but rather (and even primarily) for political loyalty. To guarantee the party loyalty of judges, the government sees to it that they are recruited from among the graduates of the civil Service College where civil servants are provided with focused and pragmatic training. Currently, with the demarcation line between the legislative, executive and judiciary power getting increasingly blurred, institutions such as the justice system and the electronic media which as a rule should fall under the jurisdiction of the parliament, are now under the effective control of the Prime Minister. With laws it keeps on issuing to undermine the power of the legislature and the judiciary, the executive has emerged as a power above the law. The right of detainees for freedom against bail, the right for not being deprived of once property without court order, the right for free expression of thought and for information, the establishment of free institutions and public gatherings are, in practice, no longer enjoyed by citizens.

The present regime, not founded on the will and free decision of the people, such vital elements of good governance as transparency, responsibility and accountability are naturally irrelevant for it. There is no procedure where people can actively participate and voice their views in the formulation of policies affecting their interests. Very often, popular participation is invited after the policy/law had been drafted, discussed and implementation time table set. It follows, therefore that there can be no prospect for citizens' participation in development activity in a situation where a constitutional order put is not put in place by popular will and consent and in condition where people have no guarantee for the inviolability of their personal safety are absent. Living in such an environment, people cannot feel free and safe enough to apply their skill, energy and material resources for development. Citizens cannot be expected to rise up for development in a condition where their very safety and survival are seriously compromised. In a condition where the rule of the gun has superseded the rule of law, it will be completely irrelevant even to think of, much less work for, development.

### 2.14.2 Institutional Corruption

Nothing can prove more vividly that this regime is far removed from democracy and good governance than the rampant corruption which has now hardened into a trend. Corruption in Ethiopia is no longer the covert pilfering activity of individuals. The corruption currently in full swing in this country is one which is politically sanctioned, overtly practised organized robbery. The political power exercised by the ruling party is so organized as to openly facilitate the offence. The regime has subscribed to the philosophy that a hardwon political primacy should be underpinned by an economic ascendancy that has yet to be won, if that political primacy is to be an enduring reality.

Notational development is not the agenda of the present regime. Its primary objective is to plunder the country and the people of their resources with which to care for its own welfare and development. Striving for monopolistic power, it has made it virtually impossible for other development forces to work, by creating all types disruptive pitfalls. Entrepreneurs with development initiatives are often branded as “Parasites”.

There is no public sector institution where service is delivered without kickback. The amount demanded is unprecedented in the nation’s history. The kickback institution is not a sporadic phenomenon. There is every indication to assume that the huge number of party activities engaged in the bribery industry enjoy the full backing and approval of the force behind them. A member of the ruling party, no matter where they are assigned in the civil service, need not fear of being accused of bribery as long as they don’t challenge the sovereignty of the order and prove their loyalty to their supervisors. No one is accused of violating the rights of other as long as they ensure the protection of some one in power. The maximum sanction the individual might incur is to undergo a criticism and self criticism session, after which the individual is declared to have gone through the rejuvenation session, (which simply means that he has been cleansed of past limitations and reborn). It is not without reason that some of the TPLF members came to enjoy a style of life incommensurate with their monthly salaries. They possess expensive houses for residence or commercial purposes, expensive cars, luxury goods and huge bank accounts. The institutional corruption that transformed some TPLF fighters, who a decade and half ago were the ill-shod and scantily- clad ragtag fighters.

The peculiar method with which offenders are acquitted of the serious offences they commit have encouraged them to carry out the practice with renewed vigour. It has encouraged some to target state property and money. Things would obviously have been different if a system were on the ground which metes out the punishment which party members committing such brazen offences would deserve.

One of the institutional outlets through which resources are corruptively funnelled is the state Privatization Agency. The agency duly established by law to privatize state property is by a special arrangement, run by TPLF members. The auctioning of a state property is a process carried out by people with special links with the ruling party. State property is thus privatized in a situation in which these same people ---- as members of the auction committee and prospective buyers are empowered to own it. The lion’s share of privatized state property was thus transferred to the ruling party members, former combatants and relatives of party bigwigs. The property was thus disposed with almost take away prices, making the deal look more of a gift distribution than a business transaction.

The other main pillar of the institutional corruption was the illegally instituted party owned business enterprises. The primary capital source of the enterprises was the revenue the ruling party accumulated from the confiscation of state and private property in the days of the civil war. Resources raised abroad in the name of the people of Tigray as well as the private and state property seized by the EPRDF government after the downfall of the Derg regime were transferred to the account of an “endowment.” Obviously the fund raised and resources mobilized from party members and supporters could hardly cover the war bill, leave alone provide surplus for trading enterprises. The capital need of these enterprises came forth in most cases from property illegally seized from private owners. Unfortunately, there is no legal provision which people could take recourse in for the restitution of their property. With the illicitly acquired resources as its initial capital, the ruling party has managed to set up trading companies which by propping up the political order contribute to the perpetuation of its power.

The ruling party invariably puts up endowment to defend itself against claims suits filled by plaintiffs. The Civil Code Article 483 defines endowment as “An act of endowment whereby a person destines a certain property irrevocably and perpetually to a specific object of general interest other than the securing of profits”, rendering the ruling party’s contention untenable. The TPLF organizations far from being an endowment are full-fledged business enterprises operating in various trading and manufacturing areas. The enterprises are organized in an obscure fashion in which the share-holders are other TPLF business enterprises and leading members of the party leadership. One cannot help wondering how these individuals who had to rough it up in the bush for 17 years could accumulate enough resources to invest in these huge enterprises, set up under the shadow of endowments and in ways unsanctioned by the Commercial Code of Ethiopia. There is no way to tell whether these enterprises lend themselves to the scrutiny of the fiscal law of the land.

The different designation the ruling party attributes to its business interest is merely to circumvent the law which provides against the establishment of commercial enterprises by political parties. Whatever the manner of their organization the time has now come in which they can no longer continue the way they have, so far. It was perhaps against this backdrop that the ruling party has of late hit upon a plan under which party enterprises enter into a partnership with domestic and foreign companies for joint venture and subcontract arrangements. With this arrangement in place, the ruling party hopes that a situation may arise where the issue of ownership will be sidelined and that any claims case against the enterprises might eventually be irrelevant. It has been proved that the new arrangement is nothing more than a short-term solution. It appears that the ruling party has unwittingly created a transparent situation whereby the property of the partner enterprises could be openly quantified in cash and kind terms. Indeed, claimants may well be said to have been provided with the chance to support their claims with more concrete evidences.

The illegality of the ruling party’s enterprises is reflected not only in the acquisition of the initial capital but also in the very working procedure they had adopted. Party enterprises have become significant players in retail and wholesale trade, import and export trade, housing construction, road and dam construction, hydroelectric power generation and distribution, banking and insurance, publication and advertising, public transport and freight haulage, rural and urban micro-financing, agricultural inputs, distribution, education and health service delivery and entertainment and mass media. They have created major administrative hurdles and inhibitive measures designed to scare away local and foreign entrepreneurs from investing in the areas where they are deeply entrenched. A good example is the case of Ethiopian Amalgamated Ltd. an agri-

cultural in-puts importer and distributor. Intent on achieving monopoly in the area, regional state governments and the federal government joined hands and persecuted the company out of the Ethiopian market. Now, with the agriinputs supply trade fully under the party monopoly, peasants have no longer the chance to buy from other companies with better quality and price offer.

Let us take up the case of the two party construction enterprises: Sur and Lalibela, which the privileged status conferred upon them has made them the awardees of major public contracts. The party-owned road transport organization — Trans-Ethiopia- is granted the monopoly right over freight transport of relief items and overheads shipped for foreign NGO<sup>5</sup> or international organization which must settle bills with hard currency. Another party-owned trading organization is the Guna Trading plc. a coffee exporting organization which has come to enjoy special privileges, in complete disregard to the principle of fair trade practice. The banking law of the land provides that private banks should keep up to 75% of their capital in deposit account. But this provision is inapplicable to the party-owned Wogagan Bank. Credit applications to the state bank by individuals or enterprises demands a long drawn out process often involving gruelling and even excruciating bureaucratic red-tape. And if the application is approved the applicant invariably receives much less than the amount they had applied for. All the bureaucratic hurdle is removed and credit applied for is granted forthwith if the applicant happens to be EFFORT, Guna, Ambassel similar TPLF enterprises. Application by individuals for debt servicing deferral is often turned down and immediate measures taken to foreclose collaterals. This would not be the fate of applications of party owned enterprises. Indeed, they are often granted fresh credit before they had fully serviced outstanding debts. The most favoured client treatment with which these enterprises are served is too obscure for any body to fully fathom. It was some time ago in a surprise move that the EPRDF government ordered the National Bank of Ethiopia to immediately transfer to the Development Bank all the un-serviced debts of the party enterprises. In retrospect, one assumes that the move was a short-tem measure to cover up the confidential deal with party enterprises.

Bidding for state tenders in competition with party owned enterprises is difficult. The confidential data to which party enterprises can access provide them with the chance to substantially undercut even their nearest competitors. That is why the party-owned Mega Publishers could emerge as a sole printer and publisher of school text books and the sole importer of college and university text books. Tower Trading and Export, a party owned trading house based in Britain is the sole supplier of newsprint rolls to the state printer

Berhan'ena Salam Printing Enterprise and the Mega Printers. In a situation where no broadcasting law is in place and no investor is allowed into the area, the party-owned Radio Fana and the Radio Voice of TPLF have been granted the right to operate short and medium wave broadcasting programmes. The party organ “Abiyotawi Demokrasi” (revolutionary democracy) has also moved into the advertisement business. The ruling Party's Walta Information Service, more empowered than the state owned ENA (Ethiopian News Agency), has been granted special privilege and support to collect, distribute, buy and sell news both from local and foreign sources. As privileged entities, party owned enterprises are entitled to most favoured client treatment by state land and housing agencies and other infrastructure service delivery state agencies. It is not clear, however, whether they are exempted from rent and tax.

Perhaps the single most glaring case of institutional corruption is the practice in which foreign credits and grants negotiated for the Ethiopian government development projects are diverted for the commercial use of the party owned trading houses. Agricultural in-put importers

such as the party owned Ambassel pay the money for their fertilizer import which they sell to the peasants. The huge profit accruing from the sale is credited to the party account. The burden of debt servicing is that of the Ethiopian state. Another TPLF profit making venture financed by state foreign aid fund, state bank credit and regular budget fund is the rural and urban microfinance project. The profit accruing from debt servicing goes directly to the TPLF coffer. We don't exactly know what percent of the foreign currency earning of Trans—Ethiopia or that of Guna goes to the national bank and what percent goes to the TPLF coffer. One can see that some sort of diarchy is in the making where inland revenue is credited not exclusively to the accounts of the national exchequer but also to the coffers of the ruling party.

There is no end to the list of cases of corruption one can keep on citing. One thing should be clear though. The corruption we have tried to describe is one which is organized and committed with the full knowledge and backing of the ruling party. With no legal consequences it should bother about, and standing above the law, it has committed itself to a covert robbery. The ethics and Anti-Corruption Commission established recently is of course an anticorruption institution which, as a partisan organization, targets the political opponents of the government. It is known to have achieved nothing of any significance except serving the propaganda wing of the government. Had it been a genuinely independent organization committed to achieving the objective it had been set up for, then there would have been no reason why the TPLF/EPRDF rule and its corrupt leaders should still have been around.

In a condition of institutional corruption such as ours, it should be highly unrealistic and hypocritical to speak of national development, investment promotion and investors' participation in the development endeavour. It is well nigh difficult and even down right impossible to extricate Ethiopia from the abyss of poverty without the institution of a democratic order capable of uprooting the deeply entrenched institutional corruption.

### **2.14.3 An un-empowered civil service**

Rather than maintaining itself neutral, the Ethiopian civil service is so organized as to be conspicuously political. It has been transformed into a political institution sharing the political vision of the ruling party. Indeed it has become the implementing agency of the ruling party's political agenda, in complete disregard of what it was set up for. The existing civil service is void not only of independence and neutrality but also of transparency and accountability. Having fully subordinated itself to the ruling party, one wonders at times if it is not really an extension of it. It has been so organized that the boundary line between the civil service and the ruling party is hardly noticeable. Consequently, it has conspicuously failed to deliver efficient service and to achieve quality and produce concrete result.

There are concrete proofs that the on-going civil service reform programme aims at further consolidating the ruling party's control over the civil service. The programme was not formulated by experts with the participation of the civil servants themselves. It was the product of the collaboration and consultation of party activists and core members. The implementation of the programme involved the debilitating of the existing civil service structure complete with decades of institutional experience and skilled professions as well as the setting up of a new civil service reform programme office, all of which entailed an unnecessary investment in terms of manpower and time. Allowing the co existence of two institutions undertaking identical tasks obviously involves scrambling for assignment, duplication of tasks and considerable confusion which incidentally has been the case in our country.

The civil service reform programme gave rise to an endless structural reform and manpower reshuffle which led to the absence of a stable situation which a planned and scheduled approach to tasks and assessment of outcomes necessarily demands. No sooner had a new set of procedure been introduced than it was scrapped to make way for yet another experiment which would also meet the same fate. A brand new procedure sets in before the performance of the foregoing one is fully assessed and weak and strong points are fully determined. Gone is of course the much needed situation of stability which one would need to plan the future and to accumulate institutional experience.

The on-going turmoil in the civil service sector has achieved nothing more than help the ruling party identify and promote its followers and target its opponents. In the name of civil service reform the rules and regulations governing human resources management, such as recruitment, promotion, salary increment, transfer, skill up-grading training programmes have all been superseded by political decisions. All subjects regarding the rights and benefits of civil servants are settled not by law but by the will of politicians. One should not lose sight of the strategically well positioned cells of the ruling party which are doing the real reshuffling and stirring of the civil servants. They make sure that party numbers and activist are assigned to higher posts for which they are not quite qualified, and are the beneficiaries of pay hikes while they saw to it at once that the majority are demoted. Numerous civil servants are made irrelevant and eventually laid off without any ground. The conventional system of performance appraisal has been replaced by a subjective party loyalty measurement standard known as “assessment”. This has inevitably led to the decline of the spirit of self-initiative and productivity as well as stability in the face of a rising order of corruption and lawlessness.

New state structures and departments keep on cropping up, as if to create jobs for political cadres who are often assigned to posts they are not qualified for. But the government makes sure that some one sits in the back seat to advise and guide the cadres. At times, the departments are split up into two or three for no apparent reason, and after years of unnecessary resource squandering, are again merged. This is just one case of many more that keep the civil service sector in a confused and unsettled state.

Another source of concern is the absence of a reliable legal guarantee for the protection of the rights and interest of workers governed under the Labour Law. The new Labour Law, Proclamation No. 377/96 of Yekatit 18, 1996 superseding its predecessor has been greeted with disapproval as it failed to come up with adequate provisions for the protection of the basic interests of workers. The law falls short of providing for an adequate severance pay for workers voluntarily resigning their posts. Contrary to the previous legislation, the new law demands that resignation notice be longer and failure to comply is dealt with penalty which might include the forfeiture of accrued salary. The Labour Board and courts are not mandated to look into claims involving salary and other benefits. No provision is made for a full back-pay for unduly sacked workers restored back to their job by court injunction. They are entitled to no more than 6—12 months accrued back-pay. The bill was passed into a law in complete disregard of the comments and reservation workers had voiced.

#### **2.14.4 Serious human rights violations and mutual clashes**

Despite attempts by the government to put up a façade of commitment to human and democratic rights, its undemocratic practices have been demonstrated for everyone to see. Ethiopia's commitment to international human rights clearly figure in the Constitution not to be imple-

mented but merely to figure in it. And this proves beyond any doubt that all those professing democracy and human rights are not necessarily democrats. The human rights violations committed by this government are so numerous in their variety, and nature that it would obviously be too difficult to list them all here. But this should not in any way preclude a modest attempt to give some facts which may hopefully provide an insight into the situation.

Notwithstanding the Ethiopia people's full awareness of the human rights violations its own government has subjected it to, a number of human rights advocates and states have steadily published reports of their findings. But despite repeated charges, based on facts, of human and democratic rights violations there wasn't a single occasion where the TPLF/EPRDF government pleaded guilty, apologized or brought to justice those responsible for the commission of offence or expressed readiness to pay damages for the injured. The physical violence and excesses perpetrated in the prison houses at wotter, Araka, Baddano, Nifas Mawcha, Zway; in the localities of Addebabay I'yesus, JarsoHarari; on the Mali and On speaking ethnic minorities of North Omo on the people of Clay Soddo, Teppi, Awassa and Dire Dawa; on the students of the Universities of Addis Ababa, Alemaya, Bahar Dar, Jimma. Dabub and Mekele are all the work of government security forces.

The human rights violations of the Ethiopian government as reported by the Ethiopian Human Rights Council are truly shocking ones, not to mention those reported by international human rights advocacy groups and Western governments. More than two thousand people were victims of arbitrary killing on political grounds. More than 2200 have been wounded. More than one thousand reported taken to custody are still unaccounted for. Something like eleven thousand citizens have been arbitrarily arrested. More than 15 thousand citizens have been unlawfully laid off. Hundreds of citizens brutally bludgeoned and lashed have been permanently disabled. 2084 senior citizens have been dispossessed of their pension money. 71333 citizens have been disposed and exiled on grounds of their political convictions. Many businessmen had their residences and offices taken away from them. They were robbed of property worth 4 million Birr. 14264 houses including Churches and Mosques have been burned down. The houses of thousands of citizens were demolished. They were robbed of food grains amounting to 10,000 quintals (one thousand tonnes). Crops covering thousands of hectares were burned down. About one thousand citizens were ordered to close down the workplaces and denied of their right to work. A great number of citizens taken prisoners by TPLF and Eritrea's EPLF are still unaccounted for. All this inhuman acts was perpetrated to make it impossible for citizens to exercise their democratic rights and to organizing themselves freely, express their views and voice their opposition.

Despite the government's repeated statement that it has solutions for communal strikes and war situation have tended to worsen than improve. Apart from the traditional communal clashes on the use of resources and cultural practises, politically inspired tensions and fighting have come to pose problems for the peace and security of the country. Some grouping including the Oromo Liberation Front, The Ogaden National Liberation Front, the Sidama Liberation Movement, the Patriotic Front and political groupings in Gambella and else where in the country have opted for armed struggle convinced that they have no other option left for them. No constructive effort is under way on the side of the government to listen to the questions and concerns raised by the groups. The government, bent on the use of force, is in no mood to engage in the search for fundamental and lasting political solution.

The bomb blasts that rocked Addis Ababa's Tigray Hotel, Blue Tops Restaurant, Ghion Hotel, Wabe Shebelle Hotel, and the Dire Dawa, Ras Hotel and Makonnen Bar as well as the at-

tempts on many targets throughout the country though basically acts of terrorism cannot be said to be entirely void of any political motivation. The ethnic policy pursued by the government has been instrumental for the incidence and exacerbation of conflicts in our country. The ethnic conflicts that sparked in Arba Guggu, Arsi Neghelli, Matakka and Bench Maji were politically motivated. The ethnic conflict between the Oromo Guji the Gede'o people, the ethnic cleansing violence on the Gida Kiramo and Abidengero settlers in Eastern Wollega, the conflict between the Wolaita and Gamu ethnic groups, between the Geri and the Borana Oromo in the Yabello woreda, between the Añuak and the Nuer in Gambella, between the Amhara, Afar and Somali, Afar and Oromo, Oromo and Somali are the outcome of an ethnic politics. These conflicts continue unabated in the absence of a democratic order to provide solution and the neglect of our own traditional conflict solution methods. In short the policies of the current government created favourable condition for the violation of human rights and for the aggravation of political tension and ethnic conflicts. If the current regime is allowed to continue, then we should reckon with conflicts and tensions worse than the day we have so far seen.

## **2.15 The violation of National Sovereignty**

On grasping of state power, the TPLF/EPRDF government sold out national sovereignty and the interests of the people to external forces, committing thereby a treason unprecedented in the history of the nation. It countenanced the breakaway of Eritrea with full knowledge and awareness that such a move was detrimental to the interest of Ethiopia. At a time when no elected government capable of defending the interest of the people was in place and that only a provisional administration was in power, the Meles government wrote the UN and the OAU notifying them of Ethiopia's acceptance of Eritrean breakaway. Furthermore, it was the Ethiopian government which sponsored the referendum in Addis by providing Eritreans the physical facilities they needed.

The Eritrean referendum was timed, with the connivance of the Eritreans, to take place at a time when a real representative government elected by the people was not in place. The referendum took place when all the democratic fora for voicing considered views were closed and without the specific mandate of the people of Ethiopia. The referendum took place before such issues as the border demarcation, the question of sea port ownership and the status of Ethiopians in Eritrea and that of Eritreans in Ethiopia were duly addressed. As expected, the border issue came to the fore with Eritreans demanding urgent settlement. In the talk to seek settlement the two sides agreed on a secret talk at party commission level in disregard of the need to address the issue at government level.

Every time the port issue was addressed the TPLF/EPRDF officials were eager to point out that Ethiopia lost nothing by becoming a landlocked county. The TPLF/EPRDF guys thought that whoever talked about the port was talking not in the interest of sovereignty and national interest but rather in the interest of the "Nefteññas" (a pejorative word to designate Amharas) The fact of the matter is however, that landlocked countries are less attractive for direct foreign investment than maritime ones, attracting only 34% of the latter. The TPLF/EPRDF move on this issue is eminently one of treason. The wrong policy pursued by the government and the dangerous step it had taken has led to the violation of the rights and freedom of citizens. The decision has led to the arrogant invasion by EPLF and the payment of immense sacrifice in material cost and human life. It has led to the violation of the national sovereignty and to the loss of Ethiopia's national territory. Aware of TPLF/EPRDF's indifference to Ethiopia's national interest, EPLF inundated the Ethiopian market with contraband goods. It engaged in the export of Ethiopia's major foreign

currency earners: Sesame, coffee hides and skins. This is a government which negotiated foreign credit for Eritrea and undertook to service the debt from the Ethiopian exchequer. Ethiopian banks advanced a credit of Br. 1.2 billion for the reconstruction of Eritrea which had never cared to pay it back. Another credit of Br. 50 million Birr said to be the savings of Eritrean in Ethiopia was also credited to Eritrea. Proclamation 51/1985 provided that Ethiopia should withdraw a credit of Br. 18 million and the hundred thousand from the International development Association which it did. The credit was given without any agreement being signed between the provisional government of Eritrea and the Transitional Government of Ethiopia. Furthermore, the Ethiopian Government met all the expenses needed to rehabilitate the Assab Refinery, expand the harbour, spare parts, chemicals insurance etc.

Ethiopia's crude oil import is refined at Assab is partly sold for Eritrea in birr. The Eritrean government trading enterprise, The Red Sea Trading, with a branch office in Addis was granted the right to rip off the Ethiopian economy with impunity through contraband trade, distribution of fake Birr notes and black market foreign currency exchange. With the approval of the Ethiopian authorities, the Eritrean ambassador to Ethiopia set up the so-called Horn of Africa Bank with which to finance its rip off of Ethiopian of the Ethiopian Economy at the expense of the Ethiopian businessmen. Any view voiced against the Eritrean exploitation of Ethiopia was immediately dismissed by the TPLF officials because to their logic, it was not Ethiopia but rather Eritrean which was losing! The favourable conditions which the TPLF created for EPLF helped Eritrea accumulate the resource it need to underpin its ambition of becoming the regional super power and finance the war which it was to launch against Ethiopia.

The subservient relationship which this government chose to maintain with Eritrea, beyond flinging the door open for Eritrea's ruthless pillage of Ethiopian resources, virtually resulted in TPLF's sell out of the Ethiopia national sovereignty. EPLF had set up a huge security net work in Ethiopia and kidnapped Ethiopian it thought had collaborated against it during the war against Ethiopia. Its victims are still unaccounted for. At times it kidnapped and killed its victims with impunity. With time, pressure was being brought to bear on the government to whip Eritreans into line. Rather than complying with the law of their host country, Eritrea reacted defiantly by publishing a map of Eritrea which had incorporated parts of Ethiopia.

It resented against Ethiopian decision to issue a new Birr bank notes, coming as it did precisely at a time when Eritrea itself had decided to issue its own currency the Naqfa. Ethiopians residing in Asmara, Massawa and Assab were told they could only enjoy limited freedom. Often times, they were arrested on charges hooliganism. In the run up for the war tension began to build on the Eritrea-Ethiopia border. Provocation was widespread to force Ethiopians into starting the war. Border communities in Tigray and Afar warned without success that Eritrea was preparing for war. The Ethiopian independent press warned that war was inevitable but were dismissed as war mongers. It was at this time of heightened tension that the Ethiopian Minister of Defence assured parliament that the Ethiopian forces are well equipped and prepared to face any enemy. Which, as we can see later, were not

Despite Eritrea's full swing preparation for the impending war, the Ethiopian authorities followed policies supportive of the Eritrean effort. One of the courses of action worth citing is the training of Eritrean pilots at Debre-Zeit base. This flung the door open for Eritrean intelligence to have full access to sensitive areas. The defence industrial plants built up by the Derg were prematurely scrapped. The regular army which the nation had built up in the course of 50 years was disbanded in favour of TPLF's ragtag army. The Eritrean government began to mass troops with no

corresponding Ethiopian forces in the area. Taking full advantage of the vacuum, the Eritrean forces literally marched into Ethiopia. It was a most humiliating experience for the TPLF people who had to confess that they were caught by surprise.

The Ethiopian people's response to the Eritrean invasion was quick and resolute. People across was question about the readiness and resolve of the people to reverse the invader but the challenge was a formidable one. Owing to government's negligence, the enemy force had occupied strategic areas and dug in. This has forced Ethiopia pay dearly to dislodge the enemy forces. In the two year war it had to pay a sacrifice no less heavy than the 30 years was it had to pay. Nearly 70,000 citizens sacrificed their dear lives, hundreds of thousands were displaced and Property worth billions of Birr was destroyed. Finally Ethiopia scored a brilliant victory over the enemy and reasserted its sovereignty. But again the TPLF/EPRDF government treacherous treason cast shadow on that brilliant victory.

Just after the victory the Ethiopian forces moved into a second operation designed to annihilate once and for all the Eritrea forces. But in less than 24 hours, the Prime Minister unilaterally ordered a stop of the operation. Just days before Ethiopia scored a strategic victory which could definitively rid Ethiopia of any concern from Eritrea, a treason committed by its leadership deprived it of the victory. The Algiers accord signed in the wake of the greatest victory constituted a sell out of the Ethiopia's national interest.

The Algiers accord was signed on the basis of colonial agreements which had outlived their relevance. Not only did that mean a sell out of our national interest but also a serious danger to our own future as a nation. The legal basis of the accord were the 1900, 1902 and 1908 Italian-Ethiopian agreements. But these agreements were not signed between equals. Ethiopia signed the agreement under pressure from Italy and other Western countries. Ethiopia signed the accord coercively and an agreement signed under such circumstance is invalid, according the practice of international law. After the Italian invasion of Ethiopia in 1935, Italy incorporated Eritrea into Ethiopia to create its East African Empire. The agreements were thereby rendered null and void. Furthermore, the UN sponsored Federation arrangement under which Eritrea was federated with Ethiopia has again rendered the agreements null and void. There was an understanding among the Western powers, including Italy, prior to the federal union, that in the event Eritrea opted for an independent nationhood, Ethiopia's right of access to the Red Sea would be respected.

The acceptance by Ethiopia of the colonial agreements as the basis of the Algiers accord can be said to have wrought more damage to Ethiopia than did the Eritrean invasion of Ethiopian territory. What made the damage even more painful is the fact that the culprit is none other than the Ethiopian government itself which deemed it fit to regard the vanquished party with the victory it had lost in the battle field. One could assume that the decision may have been based on new elements which emerged following the break up of the federation. But then this could have been made mention of in the accord. Had the accord been based on the 1964 Cairo agreement which endorsed colonial boundary as final and irrevocable, then the port of Assab would not have been part of Eritrea, as the lost colonial master — the Derg had the Eritrean border else where. As the victor of the war, Ethiopia had an excellent opportunity to propose terms it thought could best protect its interests. Proposal could be forwarded by which the border issue could be started anew for discussion. But for all the numerous historical, legal and diplomatic evidences that could very well substantiate its arguments, Ethiopia was made a victim of injustice since its own government failed to demonstrate any concern about national sovereignty.

### 3. KINIJIT's areas of emphasis

#### (Alternative Solutions)

*For democracy, peace and sustained development to be a reality in our country. KINIJIT has set itself the task of introducing gradual measures designed to change the misguided orientation adopted by the government. The following are among the most important of the targeted steps.*

#### 3.1 Constitutional reform

The existing constitution has not been formulated in such a way as to be the frame-work in which the variety of interests, desires attitudes are accommodated. Rather, it is so shaped to reflect the ideology, belief and political programme of a single party. It would therefore, be necessary to reform amend it by freeing it from partisanship and transforming it into a document of a long-term validity with which consecutive governments need not tamper. All laws passed and implemented in violation of Article 9 of chapter two of the constitution shall be rescinded. Except for Articles 18 and 25, all the human rights provisions in Chapter 3 part one of the Constitution as well as Article 93, sub article 4 (a), (b) and (c) empowering the Council of Ministers to decree a state of emergency, may be suspended as has been provided for. The right for the enjoyment of human rights can neither be granted nor denied whimsically, hence the need to amend a Article 93.

Except for Article 39 sub article 1 and 2, provision has been made that all democratic rights listed in part 2 of the same chapter may be suspended by the provision empowering the Council of Ministers. However, the enforcement of a state emergency should under no circumstances override the enjoyment of the basic rights listed under Article 29, which could otherwise fling the door open for a serious violation of human rights hence the need to amend Article 93. Article 39 of the Constitution providing for the rights of nations and nationalities has not unfortunately been formulate adequately enough to protect rights. While sub article 1 provides for the rights of those favouring separatism no such provision has been made for those favouring unity. The right for self determination up to secession is in the interest of Revolutionary Democracy and not in favour of citizens who would wish to see all their interests and attitudes fully accommodated. The Article shall be amended in which citizens shall see their rights respected as individuals or groups.

Sub articles 1 — 8 of Article 40 of the constitution shall be amended they undermine the right for owning property and are basically contradictory. This is particularly true to sub article 3 which shall be amended to provide for private, public and communal ownership and for the sale and purchase of land.

Article 46 of chapter four of the constitution shall be amended in a way that federal regions shall be set up on criteria accommodating the various interest, wishes attitudes of the people. The federal regions shall therefore be organized on a criterion which takes into account the people's will historical and cultural links, language, settlement pattern, geographical location, developmental viability and administrative efficiency.

Sub article 3 of Article 49 shall be amended in which the city council of Addis Ababa shall be clearly accountable to the House of the Federation.

Sub article 2 of Article 50 of the Constitution shall be amended to include mutual control and proportionate balance of power.

Article 53 of the Constitution providing for the bi-cameral structure of the Parliament, shall be amended to provide for equal or proportional power in matters of legislation. Legislative power shall be applied in ways which help accommodate the interests, needs and attitudes of the people and shall be effective enough to ensure non-incursion by the executive power as well as ensure that the media, Electoral Broad and the Civil Service Commission are accountable to Parliament.

Sub article 2 of Article 54 of the constitution which inherently bars from parliamentary membership those committed to promoting the interests needs and attitudes of the electorate shall be amended to be replaced by the principle of “proportional representation electoral system.” Sub article 18 of Article 55 of the Constitution shall be amended with the inclusion of the principle of the vote of confidence to guard against the abuse of power by the executive.

In the same chapter, part two, Article 61 on members of the House of Federation and Article 62, sub articles 1 — 9 on the House of the Federation, the provisions would be amended in such a manner so that the house of federation would have the same legislative powers as does the House of Peoples’ Representatives. If the House of the federation has legislative power, it cannot have the power to interpret the Constitution because, if there is no other means of control and defense system, it is possible that it could legislate laws that could be against the Constitution. Therefore this section of the Constitution would be amended in such a way that there would be an independent constitutional body with the power to interpret the Constitution. There establishment of the constitutional council shall be based on popular representation professional competence and neutrality.

There will be a legal provision that would enable Speakers and Deputy Speakers chosen by federal and regional governments to carry out their duties with neutrality. The duties and responsibilities of the President as stated in Chapter 7, Article 71 Sub-Articles 1-7 are not commensurate with the duties and responsibilities of The Head of State as stated in Article 60. Therefore, these provisions will be improved so that the President would have the power to serve as the symbol of the unity of the people resolve conflicts and coordinate humanitarian activities with neutrality.

In addition to the term of office of the Prime Minister as stated on Chapter Eight, Article 72, sub-Article 3, and as provided about The President, there will be a provision limiting the term of office of the Prime Minister to two terms.

In the same chapter, Article 74 on the duties and responsibilities of the Prime Minister and Article 77 on the duties and responsibilities of the Council of Ministers will be improved so that they will not infringe upon the powers of the legislative and judiciary bodies. The Council of Ministers will be improved to enable it to have the power to call a vote of confidence on the Prime Minister.

The provisions in Chapter 81, Sub-Articles 1-6, on the appointment of presidents, vice presidents and judges of the supreme Courts at The federal and regional levels will be improved

to guarantee the powers of the legislative body and to prevent the executive bodies from infringing in the affairs of the judicial bodies.

In the same chapter, Article 82 the provision on the structure of the Constitutional Investigation Council will be in the framework of the structure of the Constitutional Council. Article 83 and Article 84 on how the Constitutional Investigation Council and the House of Federation arrive at decisions, on constitutional matters and on the duties and responsibilities of the Constitutional Investigation council will, in a similar manner, included in the powers and duties of the Constitutional Council.

In Chapter 10, Article 87 Sub-Article 3, on the activities of defense forces will be improved in such a way that when the provision is implemented, human and democratic rights of citizens are not violated. In the same Article, sub-Article 5 will be improved to guarantee the neutrality of the defense the security and the police forces. In Article 11 Chapter 93, Sub-Article 4, will be improved so that there will be special provisions to protect endangered human and democratic rights. In the Chapter cited above Article 102 Sub-Article 1 and 2, the provisions on the establishment National Electoral Board and the appointment of its members will be improved to guarantee the neutrality and independence of The Board.

The provisions in Articles 104 and 105, on amending the Constitution are absolutely restrictive, ambiguous and lack clarity. The articles will be amended to remove the problems.

### **3.2 Bringing Economic Rehabilitation**

The policy and strategy of the “Agricultural Development — Led Industry (ADLI) implemented by EPRDF has been tested in practice but has not brought any change in the economy and in the life of the people. It has become imperative that we come up with a new economic policy and strategy. The new economic policy must be one that does not repeat past mistakes, provides solutions to our basic economic problems, gives adequate attention to all the economic sectors in the country and makes a wise use of the varieties of input from the people in order to bring about sustained development based on this belief KINIJIT is determined to work hard in order the bring about changes and rehabilitation in the follow sectors of the economy.

#### **3.2.1 Rural Development**

If there is to be economic change and rehabilitation in the rural economy, first and foremost, the farmer’s legal ownership of land must be guaranteed. The primary task of KINIJIT is to change the EPRDF system that limited the right of the farmer and made the economic value of land useless by making land to remain in the hands of the government through a constitutional provision. Instead land would be owned privately, communally and by the government. Its usage will be determined by historical, cultural and structural factors in the various parts of the country. When it comes to privately owned land, its owner shall have the unlimited, legally guarantees right to sell, exchange, rent, bequeath and to use it as he/she wishes.

The agricultural sector will be made to grow independently and to develop in inter action with other economic sectors. In the rural are cottage and agroindustrial centres will be expanded and rural towns made industrial in order to reduce the number of people employed in agriculture. When this is done, there would be a greater demand for agricultural products bring in about improving in prices and growth of income. Because the expansion of rural industry creates

a demand for various agricultural products, the farmer would be encouraged to grow diversified products that would bring him better prices, in addition to normal crops. This way, the agriculture of the country would undergo a structural transition thus guaranteeing improvement in the life of the rural population and sustained development of the economy in general.

KINIJIT believes that in order to bring a sustained growth in the economy, the productivity of land and labour must be improved continuously. To this end, comprehensive efforts will be made to improve the health and capacity of the population engaged in the agricultural sector. Accordingly, KINIJIT will in the next five years, endeavour to raise the of rural health cover to 80%, clean drinking water to 50% and toilet service to 20%.

Efforts will be made to raise the primary education cover in the rural areas to 85%, to reduce illiteracy to below 20%. Trainings will be offered on how to benefit from agricultural technologies and other agricultural inputs. Extensive water harvesting and infrastructural works will be carried out to free the country's agriculture from heavy dependence on rain and to guarantee sustained productivity of the land. Special efforts will be made to revive the irrigation projects of Alwero, Tana—Beles and Wabishebele— projects that were started by the previous government with huge financial and labour investments but neglected and allowed to go to ruins by the present government. Alongside the development of irrigation infrastructure, efforts will be made to bring about 7 million hectares of additional new land under cultivation. This is about 25% of the land under cultivation at present. This would bring up the present holding of the farmer — which is less than 1 hectare — to 1.5 hectares. If the farmer could be assisted to produce three times a year on this holding, that would bring about a significant growth in his income.

Increasing the productivity of the land is another task that should be given serious attention. Inputs such as fertilizers, select seeds, pesticides, improved technology must be made readily available to the farmer. Agricultural research must be strengthened.

To remove the problem of fertilizer supply, the monopoly of the market by companies of the ruling party must be broken legally and a market situation created whereby private investors could participate freely and fairly in the supply of fertilizer. Fertilizer would be made available at subsidized prices.

To improve the supply and use of agricultural inputs, the works of agricultural researchers, rural development workers, input suppliers and farmers must be closely coordinated. In addition to solving input supply problems, the issue of creating favourable markets where the farmer can obtain fair prices for his products must be addressed carefully. There must be a market system based on current and reliable information. Efforts will be made to develop a wastage reducing storage and an efficient transport system. Efforts will also be made to carry out a soil conservation project that covers 40% of the country's useable land.

Multifaceted works will be carried out to reduce the poverty that is so rampant particularly in the rural areas and to guarantee food security. In this regard, one of the tasks that require urgent attention is the reduction of population growth. In the next five years, a coordinated population policy will be designed and implemented with the purpose of reducing the present average birth rate of 6% to 4% and to bring the present population growth rate to less than 2%. A carefully planned, coordinated and voluntary resettlement programme will be implemented in order to balance the population settlement pattern and resource distribution.

Resettlement should not be carried out in a rushed, it should be planned carefully and implemented in a manner that is coordinated with the nation's capacity. Resettlement should not be used as a means of obtaining political gains. Resettlement should not be limited to within a region only. It should also be possible to resettle people outside their region. A appropriate system of investment and appropriate loan system will be instituted. In order to encourage long term rural investment, the share of agriculture in the investment flow will be made to maintain a sustained growth. In order to enable the rural finance market to grow, government and private banks will be encouraged to develop direct negotiations and enter into legal agreements with the farmer in a manner that encourages the productivity and profitability of agriculture.

In place of the microfinance institutions created by the ruling party, savings and loans institutions governed by the market system and owned by cooperative or private individuals will be expanded.

Electrification, information and communication infrastructures that help to accelerate rural development will be expanded. Special attention will be given to the development of rural road network.

Special schemes will be designed to made an efficient use of the animal resource of the country and to increase it productivity the demand for it. To this end, priority will be given to multiplying better breeds, expanding the coverage of quality health services giving particular attention to the development of quantity and quality of animal feed, improving the quality of animal husbandry, creating a favourable market and giving attractive incentives to people who wish to invest in this sector.

Determined efforts will be made to change the life of the pastoral community that accounts for 12% of the total population and 26% of the total animal resource of the country. The main problems of the pastoral community are: cyclic drought, poverty resulting from scarcity of water and pasture, conflicts arising from vying for resources, animal diseases, scarcity of market demands for animal products and low prices. Coordinated special efforts will be made to tackle and remove these problems. The development of the pastoral region is part of our policy of agricultural rural development. Special attention will be given to an extension programme designed to develop drinking water, irrigation, productivity of animals and the demand for them. Efforts will be made to guarantee the free movement of the pastoralists and ownership of natural resources as well as to strengthen their cultural capacity to resolve conflicts and to transit to a stable life. Determined efforts will be made to draw investors to the pastoralist regions and to encourage them to engage in modern animal husbandry, dairy farming, meat and leather production and marketing as well as to develop a more dependable early warning system and to bring about concrete changes in the life of the pastoralists.

Institutions that help to accelerate rural development will be helped to strengthen their manpower and technical capacity. Their organizational and working system will be designed to enable them to gain new experience in a continuous and sustained manner. The training, promotion and transfer of rural development workers will be governed by transparency and legality. In view of the fact that the financial support required for the implementation of our rural development policy and strategy comes from the government, nongovernmental organizations, the people and from the international community policy directions will be set to make sure that the kind and amount of aid we receive is in harmony with our development needs.

Our policy of rural development becomes successful not only by the isolated attention we give to the sector but also by the way it is integrated with and supported by other sectors of the economy. Therefore, our development strategy gives due attention to industry and to the service sector. One sector is not made to remain as only a source of raw material but also to become a dependable market. Thus, by creating such a linkage between the urban and the rural economy, the economy of the country in general will be made to grow rapidly and sustainability. By carrying out all the integrated rural development activities described above, efforts will be made to register an annual growth of 7% in the agriculture sector, increase the annual crop production of each farmer to more than 240 kgms, raise the annual caloric consumption of each farmer to 2200 and in general, and to double the annual per capita income of the farmer from what it is at present and to guarantee food security. Efforts will be made to bring about concrete change in the life of the farmer. Before our rural development policy and strategy is implemented, all sector of the society will be given the opportunity to discuss it at different levels and cept it.

### **3.2.2 Urban Development**

In view of the fact that our cities and towns are expose to extreme poverty, priority will be given to poverty reduction. To reduce the poverty that is so prevalent in cities and towns, first and for most, the organizational, operational and market problems of small scale industries, that are so vital for the survival of the urban population, must be solved.

The major problems of small scale industries are lack of proper production place, loans and supply of tools, market and training that would help them increase their competitiveness. In all cities and town all measures designed to help small scale industries will be taken.

Appropriate production and market places will be duly provided to citizens who engage in metal works, woodworks, sewing, embroidery and other decorations, weaving, garment works and similar other occupations either in advance or upon request. Small scale industry villages and modern market places will be built in advance rented for appropriate prices and made to give services.

There will be a scheme designed to expand small scale works and to provide loans and appropriate equipment. Provisions of loans will be based on feasibility studies and on transparency. It will be provided by government and private financial institutions.

A strong legal system will be in place to help those institutions that provide loans to small scale industries have a strong organization and an efficient working system. Equipment renting enterprises will be established of help small scale industries overcome their production equipment problems.

There will be an institutionalized system to help citizens engaged in small scale industries obtain training support. There will be a quality certification system to encourage small scale industries to produce quality and competitive goods.

The poverty that is rampant in cities and towns can only be reduced by carrying out development activities that create employment opportunities. Infrastructural activities in the cities and towns will be carried out in such a way that they make intensive use of the available manpower. Construction works in the areas of education, health, road and communication, light services, water supply, sports and recreation centres, and sanitation and sewage disposal systems

will be planned in a way that create jobs for citizens. By making these and other coordinated efforts unemployment in cities and town which is 40% at present, will be reduced to 20% in the next 5 years. Some 40% of the urban population live below the this number will be reduced by 20% in the next 5 years.

In the effort of creating job opportunities through expanding small scale industries in cities in towns, special attention will be given to unemployed school graduates or dropouts, women, the handicapped, street dwellers, HIV/AIDs orphans and commercial sex workers. Lasting solutions will be sought to solve sanitation and environmental pollution problems in our cities and towns with active participation of the people, There will be legal provisions to protect the urban environment and to make it suitable for living.

Removal of dry and liquid waste is a joint responsibility of the government and the people. However, legal and institutional measures will be taken to encourage private investors to be engaged in providing this service.

Appropriate measures will be taken to protect the sewerage system and the environment from being polluted. To this end efforts will be made to solve problems affecting the design, construction and maintenance waste disposal system. (for example, 1/3 of the water supplied to the people is polluted). Trained manpower and strong technical and technological capacity are part of the solution to this problem.

One of the main problems in cities and towns is lack of adequate infrastructure. To remove this problem, measures will be taken on the basis of existing master plans and the needs of the people and through the participation of all concerned. Accordingly, private and public water supply line in Addis Ababa will be increased from the present 55.7% to 85%. In other big cities of the country, the present 50% will be made to grow to 80%. In towns where the supply is below 15%, this will be made to reach 45%. In towns where there is no supply of piped water, efforts will be made to provide such water to 30% of the population.

When it comes to road networks within cities, for example in Addis Ababa, only 65% of the houses are linked with roads. In the next 5 years efforts will be made to link 90% of the house with roads. In other cities and towns where the house road linkage is 40-50%, efforts will be made to increase this rate to 80%. Where the house road linkage is below 10%, the rate will be raised to 40% where the house — road linkage is none, efforts will be made to link 30% of the houses to roads. Efforts will also be made to asphalt road networks in cities.

Water pipeline service in Addis Ababa is 33%. In other cities and towns of the county, it is under 30%. This low level of water pipeline system is a serious problem and requires serious attention. Efforts will be made to increase the construction of the water pipeline system in all cities and towns to 60%.

One of the problems of our cities and towns is a weak disposal system of dry and liquid waste. In Addis Ababa only 65% of solid waste is collected and disposed. In other big cities and towns of the country less than 3% is collected and disposed. In this sector, special effort will be made to coordinate the government, public and private capacity to raise the solid waste disposal rate to 90% and the liquid waste disposal rate to 50%.

According to the 1986 (E.C) census, from all the houses in the cities and towns of the country, only 28% have toilet services. In the next 5 years, 60% of the houses will be enabled to have toilet services. Private investors will be encouraged to participate actively in the removal of toilet waste.

In the cities and towns of the country where electricity services are provided, the number of houses that do not have common or individual electric meters is very high. There are towns that do not receive any electricity service. Much effort will be made to expand electricity service which is so vital for overall development of our cities and towns. Priority will be given to towns that have no electricity service.

Attention will be given to developing urban transport and to facilitate the flow of all purpose information.

Because there is no urban housing construction policy at the national level, the urban housing problem is growing from bad to worse. Furthermore, the rapid growth in population and extensive rural-to-urban migration has exacerbated and complicated the housing problem. Coordinated and mutually supportive measures will be taken to solve the problem from the roots. The following measures will be given priority:

Based on a policy that permits private ownership of urban land, a system of urban land use will be instituted.

In order to carry out urban constructions and development activities on the basis of a studied system, there will be master plans, development plans and action plans that indicate residential, industrial and recreational and other social service areas. There will be a legally established institution that studies and prepares master plans of cities and towns at the national level and provides the necessary support for their implementation. In accordance with the master plan, citizens will be given land and allowed to construct their homes on payment of appropriate taxes. They will also be allowed to use the land as their own private property.

The serious shortage of residential housing cannot be solved by government efforts alone. The effort must be supported by private involvement. Therefore a system will be in place that encourages and supports individuals who wish to build their own homes. The current sales tax and the house and land taxes that are exacerbating the housing problem will be reduced to a reasonable amount.

Private investors who wish to build houses in large numbers either for sale or for rent will be assisted to obtain the necessary land. Houses or other property built on leased land could be passed to a third party in the form of sale together with the lease right.

In addition to the rights given to individuals in housing construction and administration, housing cooperatives and city and town administration will have legal rights. Citizens who wish to form housing associations and build homes will be assisted by building infrastructures for them giving them technical support and enabling them to obtain loans with low interest. A scheme will be in place where city and town administrations can build houses for sale or for rent.

“Constructions for industry or for other social services will be given land free of charge

or for low lease depending on the kind of service the constructions provide to the community. Individuals and organizations who wish to buy land on lease will be enabled to obtain land in a manner that is transparent and accountable.

Determined effort will be made to rehabilitate or renew urban areas that are not suitable for the development healthy living. The rehabilitation or change will be carried out by convincing the residents, paying commensurate compensation and providing alternative living conditions and by minimizing the problems caused by dislocation.

One of the alternatives offered for returning houses, confiscated by the Derg or TPLF/EPRDF to their legal owners is enabling them to get their money or their legal compensation by selling the houses to their current occupiers on the basis long term instalment payment. Houses built and rented by city and town administrations and The Rented Houses Administration Agency will be sold to their present occupants gradually.

To reduce the serious shortage of building materials, the government and private investors will work hand in hand in the production of cement, stone, marble steel and corrugated iron roofing.

‘ Some 4 million additional houses need to be built in the period of 1997—2008 (E.C). Every possible support will be provided to individuals and housing associations to build about half of the said number of houses in the next 5 years. The money needed for the construction of these houses is expected to come from individuals, housing cooperatives, the government, foreign development assistance and loans.

Removing poverty and development problems, registering rapid growth and making cities and towns suitable for living is possible only when there is city and town administration that is democratically organized and capable of leading city and town services efficiently. When there is such an administration, the participation of the people, civil societies, non-governmental organizations and private investors becomes fruitful. Therefore, measures will be taken to base city and town administrations to be based on direct popular participation, to make them transparent and accountable and to enable them administrative freedom and professional capability.

A system will be laid whereby the technical works of cities and towns will be carried out by professionals and administrative matters will be performed by representatives of the people. Chartered cities will be made accountable to the legislative body.

### **3.2.3 The Development of Industry**

Our objective of industrial development is to create interconnection among all sectors of the economy, bring about structural transfer and insure sustained development. There is no economic sector other than industry that can solve the structural and operational problems of our economy and bring about strong interlinkage, and fast and balanced growth. We have to build our industry not just because it enables us to build technology intensive factories but because it helps us to transfer our traditional and backward agriculture, mining, construction, transport and communication economy to a modern system organization and operation.

We give special attention to the development of industry because it has the capacity to move the whole economy and to bring about interconnected and sustained development. Developing this sector of the economy is not an alternative but a necessity.

## Main factors that require particular attention in developing industry

- Enabling existing industries to operate with full capacity by improving their technology and productivity.
- Carrying out an industrial development that helps to increase the productivity of the farmer, reduce urban and rural unemployment and to improve the income and life style of the peoples.
- Following a policy that modernizes all sectors of the economy, brings interlinkage among them and builds metal, engineering, chemical, electrical, electronics and similar strategic industries.
- Giving special attention to the creation of an industrial development that enables the country to substitute the capital and consumption goods that the country now imports at high costs, to save foreign currency and to free the country from direct international pressure gradually.
- Improving the kind, quantity and quality of goods produced for export.
- Increasing the quantity and quality, of export goods so that the income form them would be able to cover the costs of the imported goods and services, reducing thereby the wide gap between import and export.
- Alongside developing industries that produce export and capital goods and help us save on our foreign currency making much effort to increase to agricultural products for export. To implement a successful industrial development strategy, the following major conditions will be given special consideration.
- Our strategy goes beyond creating interlinkage among all economic sectors. It must, in addition insure technological capability, productivity and competitiveness.
- Particular attention will be given to creating manpower equipped with technical knowledge.
- Priority will be given to the following:
  - a. Factories that produce modern technical inputs for agriculture
  - b. Factories that produce consumption and capital goods that are needed by the economy in general
  - c. Factories that help to reduce import cost and increase export income.
  - d. Factories that demonstrate better capacity and creativity.
  - e. Chemical, engineering and metal industries and those that produce quality control equipment and similar others.

To implement our industrial development strategy, one of the measure that would be taken by the government is creating a group of experts internationally recognized and experienced in industrial development to identify the fundamental problems of the industrial sector. Other necessary measures are selecting from existing industries that produce export substitute goods and providing them with subsidy and protection, to enable them develop the competitive capacity to withstand foreign competition and respond to the volatility of the of the international market.

- The protection and special support given to industries that produce import substitute or export product may not be equal to all. Therefore selection will be made on transparent criteria.
- Serious attention will be given to encouraging specialization and strengthening subcontracting.
- Availability of strong financial resource is a must to create the high capital capacity that industrial development requires. To create a broad based financial resource, the participation of private banks will be made to grow and the organization and operation of the National Bank will be adjusted in such a way that it supports the growth of industries. The adjustment to be made in the

National Bank is designed to enable it to encourage those that have the know-how but not the money to engage in development, to ease the financial problem of industries that are believed to have conflicting interests and to prevent the financial flow from going to non-profitable sectors and from creating unnecessary wastage. In addition to the currently available Ethiopian Development Fund, other funds such as technical assistance fund science and technology expansion fund and others will be established. Furthermore loan security companies will be created. A system of special long term loans, loan subsidy and reasonably long grace period will be instituted. In addition to implementing these finance generating means, the supply will be interlinked with export expansion, improvement of production, acquisition of new technology and other practical criteria. Appropriate environment will be created for the identification, selection, acquisition and practice in the process of transfer of new technology.

When selecting technology, if labour intensive technology is selected, it will be ascertained that it will compensate well to a limited extent, the competitive capacity obtained from capital intensive technology.

In order to guarantee that our industrial development does not harm the environment and is cost effective, labour intensive industries will be developed in areas that are far removed while capital intensive ones will be located at closer centres.

An appropriate situation will be created for the reduction of the cost of technology for domestic investors. The government will contribute to this effort by buying equipment or covering training costs, hiring technical experts providing incentives and making available information on sources and costs of technology.

Government support is not limited to those described above. It further includes assisting research at the industry level, providing feasibility advice, creating joint ventures with foreign institutions to study heavy and complicated technologies, providing information and extension services related to industry and support designed to modernize, renew, automate and improve existing technologies.

To be able to provide the supports stated above, the existing institutions such as the Science and Technology Commission Micro-Industries Development agency are not adequate. In addition to re-organizing these institutions, other new institutions will have created in cooperation with the private sector and foreign technical assistance. A central body will be created to coordinate the participation of the government, private investors, civil societies and professional associations.

Industrial technological capacity is built not only by renting complicated technological equipment but also by creating highly trained manpower. To this end, special technical training will be expanded in addition to what is offered in the regular schools. To implement this plan, training institutions and centres will be established by coordinating the capacities of the government and the private sector.

In the development of industry, the primary focus is on building and using the capacity of the domestic investor. However, attracting direct foreign investment is advantageous. To benefit from this sector essential preconditions are: political stability, efficient economic administration, attractive incentives, a free judicial system and the presence of adequate infrastructure and favourable economic environment. Strenuous effort will be made to meet these essential criteria. Efforts will be made to provide government support not to those industries that are inevitably bound to fail but to those that practically demonstrate productivity. The support to be given will

be determined in terms of amount, kind and time. Depending on the characteristics of the industry and its strategic importance and long term benefits, incentives such as tax relief, priority to obtain foreign exchange, subsidy support, opportunity to obtain land freely or on reduced lease, reduced energy rate, tax holidays may be provided.

Even though the heart of development is the factory sector, it cannot stand on its own because of the interconnection it has with the other sectors of the economy. Therefore, an appropriate environment of micro-economic condition has to be created. To this end, the land policy has to be designed in such a way that it allows wide-ranging taxes and inputs. It will also be designed in such a way that private investors engaged in the field will have guarantee of ownership. Our financial policy will be designed to give rapid and appropriate support to our industrial development. Our energy policy also will be designed to support the same development. In general, the objective our industrial development will be set in such a way that it creates job opportunities for our citizens, brings about meaningful improvement in the life of the people and sustained economic growth.

### **3.3 Expanding services that accelerate development**

At present, the services sector of the economy is becoming the major economic capacity. In our country, as well, it should be given adequate attention to make it the foundation of our development.

3.3.1 Trade activity is one of the fields that need fundamental change in the service sector. One of our fundamental trade principles is, on the one hand, making the relationship among producers, consumers, service providers and service users convenient and efficient and, on the other hand, maintaining a balance between our import and export trade. Accordingly in order to make the trade sector successful:

- Legal systems connected with licences, services and controls improved in such a way that will strengthen the initiative and the desire for work of the people engaged in the trade sector.
- A transparent and efficient credit system that helps people engaged in trade solve their financial problems, and widen their alternatives will be instituted.
- Information centres with modern organization and operation will be opened in major trade centres in collaboration with the government and chambers of commerce. These centres will help remove the shortage of market information.
- A wide range of experience sharing visits, trade fairs and information exchanges will be conducted in order to advertise the country's potential capacity and to help the country establish trade relations. To help this effort, exhibition centres will be established in the country's trade areas.
- Development plans prepared for the country's cities and towns will be designed in such a way that they clearly designate areas for the establishment of trade centres.
- The taxation policy will take into consideration not only the development needs of the country but also the ability of those engaged in trade to pay. It will also be based on comprehensive studies and made to be transparent accountable and free from partiality. The tax laws must reward and not punish those who fulfil their obligations. Efforts will be made to improve the tax laws to widen the tax base. We will make sure that most of the money collected from taxes is allocated for development and that it is used economically.

To reduce our deficit in foreign trade and to free our export trade from being dependent

on a few farm products, efforts will be made to bring about change in kind, quantity and quality. The other weakness of our foreign trade is that our trade linkage is limited to a small number of countries. We have to expand the number of our trade partners and our trade choices. Efforts will be made to increase our foreign trade capacity. At present our foreign trade covers only 20-30% of our import trade expense. In the next 5 years efforts will be made to raise this coverage to 50%.

A control system will be instituted to raise the competitive capacity of those engaged in trade and to protect the consumer's interest.

In order to encourage investors engaged in trade, information, training, loans, tax reduction or relief, tax pardon, and for construction supports and other incentives will be provided. On the hand, a strategy that teaches, controls and punishes those that engage in illegal trade will be strictly applied.

**3.2.2** It is necessary to take urgent measures that improve the saving and loan service by change the structural and operational structure of banks. To this effect:

An autonomous federal bank able to operate free from the direct control of the executive body of the government will be established.

In addition to establishing an autonomous federal bank, a financial system that increases the participation of private banks and the role of market forces in providing financial services will be applied.

The existing financial and loan policy does not give proper attention to the feasibility of the borrowing business or project or to the partnership that should exist between the lender and the borrower. The policy requiring borrowers to put 30% collateral money in the bank as a security will be replaced by a better one. Furthermore, the profitability or non-profitability of projects and business will be studied. If the projects or businesses are found to be profitable, they can be used as collaterals for loans. This will encourage the investor's desire to borrow. This will prevent huge sums of extra money from lying idle in the banks due to lack of borrowers. It will also be possible to pay savings depositors an encouraging interest.

The fact that treasury bills, bid bonds and particularly foreign exchanges are exclusively determined and rationed out not by market forces but by the National Bank has made it difficult for importers to buy the goods and services they needed. Measures will be taken to remove this problem.

- There is a huge sum of money is lying idle in the banks not because our saving culture and capacity has grown but because domestic borrowing has decreased to problems connected with interest and loan policy. A new interest and loan strategy that encourages depositors and borrowers will be put implemented.

**3.3.3** Alongside improving the interest and loan policy, measures will be taken to resolve the financial shortage faced by development forces that want to go to investment. Steps will be taken to encourage long term loans and to widen the range of loan alternatives. Legal systems designed to strengthen the short and long term loan providing capacity of financial institutions, to modernize loan collection, to enable borrowers to develop the culture of credibility and of returning loans on time will be implemented.

- A working system will be put in place to resolve misunderstandings that arise between

lenders and borrowers. Priority will be given to resolving problems through mutual agreements in place of resolving conflicts through legal and administrative measures.

- Despite the fact that the investment law has been modified numerous times, it has not attracted the desired amount of investment. It has not succeeded particularly in attracting direct foreign investments. Therefore, more efforts will have to be made in order to provide more and better incentives and to create an environment where there would lasting peace and stability an independent judicial system and a credible system of financial operation.

3.3.4 The key to social and economic development at present is a developed network and efficient flow of information. In this **21st** century where the people of the world are ever coming closer to each other, markets are merging, the fields of competition are expanding and political barriers are being demolished, any nation that does not have a dependable information network is bound to be severely disadvantaged. Therefore, measures will be taken that help to accelerate the trade and investment of our country and our social and economic development in general. Efficient computer and internet network will be laid. Radio, television, telephone, fax, email, teleconference, video conference and other related services will be expanded in quantity and quality. Centres that provide such services will be opened in major centres of the country by the government and by private investors.

3.3.5 One of the sources of foreign currency so much needed for economic development is the tourism industry. Our country the historical and cultural tourist attraction capable of generating the resource need for economic development. Efforts will be made so that the foreign currency gained from this sector can strengthen our foreign exchange capability. Furthermore, tourism will be organized and operated in such a way that it can create job opportunities, project a positive image of our country and increase its share of contribution to the economy of the nation.

3.3.6 It is known that Ethiopians residing abroad remit an estimated 2 billion USD to Ethiopia annually. However, this remittance is not supporting our development as well as it should because there has not been a well developed system for the appropriate use of the resource. Therefore a better system of using remittances efficiently for the supporting our development will be designed and implemented.

### **3.4 Development that Guarantees Social Justice**

3.4.1 KINIJIIT believes that there should be a new educational system designed to solve problems currently plaguing the sector. According to KINIJIIT's belief what the country needs is an educational system that produces citizens that can see the secular life outside the ideology of a given party. Therefore, the policy and its contents will have to be designed with the active participation of the major stakeholders, namely teachers, students, parents and the public in general. The academic and administrative sectors of the system must be free from political interference and based on professional leadership and on the active participation of teachers, students and the people.

The curriculum will be independent of an ideological belief of any party. It will be designed as a popular policy that enables citizens to think and work in a free environment. The purpose of improving the curriculum is to guarantee that it would not be subjected to a wasteful change and made to start from zero every time a political regime assumes or is brought down from power. The structure of the educational system will be changed to 6+2+4 and secondary education will encompass grades 7-12 and will be divided into three parts namely the junior, middle and preparatory sections. The national examination given at grade 10 will cease to mark the completion

of secondary education. Instead, it will be used for identifying those students who go to the technical and vocational secondary schools and those who go to academic secondary schools. The students that go to either of the preparatory schools will be those who score passing marks on the 10<sup>th</sup> grade national examination. In addition to their 10<sup>th</sup> grade results, students who should go to the technical and vocational stream or to the academic stream will be evaluated on the basis of their preferences, the academic performances in grades 9-10 and the capacity of institutions to accept new intakes.

The alternative proposed by KINIJIIT stipulates that those students who complete grade will pass to the next stage as long as they pass the examination. Both preparatory streams will be self-sufficient and prepared to provide their students the opportunity to pursue higher education all the way in their respective fields. The technical and vocational as well as the academic preparatory education is given for two years. It is designed to prepare the student for work on the one hand and for higher education on the other. KINIJIIT's educational alternative is an expression of the belief that education is the right of every person and this right must be respected as long as the individual has the capability and the desire to pursue it.

Students who complete the preparatory programmes in the technical and vocation and in the academic stream (grades 11-12) will be enrolled, on the basis of their results of the secondary school leaving certificate examination, for university diplomas or degrees in government and private institutions. Depending on the type and nature of the fields of study chosen, students will be trained for 2- 3 years for a diploma and 4-5 years for a degree. Students who complete the two years of vocational training will be given a certificate testifying that they have taken training that prepared them for the job market. Those students who, for various reasons, cannot continue into higher education and want to enter the job market, they can either start their own business or be employed in enterprises at a level commensurate with the certificate they hold. Student who complete the grade 12 preparatory level will be given a certificate of completion in a similar manner. Steps will be taken to enable teachers to receive adequate vocational training, monthly salaries adjusted to the standard of living and other incentives. Teachers will have a free professional association that enhances their professional integrity and protects their rights. Students who score high results at all levels will be awarded encouraging prizes. Special classes will be arranged for gifted students where they can progress in their studies according to their capacity and serve as exemplariness to other students. Teachers and parents who demonstrated extra-ordinary talents in the teaching learning process and showed commendable results will be rewarded on an institutionalized and regular basis.

One of the first measures that have to be taken in the area of management and administration of educational institutions is eliminating unnecessary government interference and unfavourable working conditions. Especially when it comes to institutions of higher learning, aside from supervising the implementation of the general principles and legal frameworks, the government will not interfere in their day to day affairs and in the teaching learning process. Even though the government plays a major role in allocating funds for research, construction and expansion works, this role shall not be used to impinge on their academic and administrative freedom.

Just like other free institutions of higher learn in democratic societies, colleges and universities in our country will have to lead themselves by charters prepared by themselves. They shall have the freedom to elect their own leaders in a democratic manner and on the basis of transparent criteria. Students shall have the right to organize themselves in a manner that enables

them to express the views and to present their legitimate academic and democratic rights freely. Furthermore, their right to prepare their own by laws and to elect their own leaders in a democratic manner shall be guaranteed. A conducive environment will be created where the rights of not only the academic staff but also of other workers in the institutions of higher learning are respected and each employee is expected to fulfil his/her obligations. In general communities of institutions of higher learning will have the necessary academic and administrative freedom.

In principle, it is necessary to involve students in the cost sharing scheme in higher education. However, implementing the scheme now, where the economy of the country and the abject poverty in which we find the people cannot be fair. The cost sharing scheme should be implemented only when an encouraging result is registered in the struggle to reduce poverty, when it is ascertained that the economy of the country is on a sure course of sustained development, a significant reduction of the poverty is seen and a degree of secured living begins to emerge. Until this stage is reached, the government has to take a number of measures necessary for generating resources to cover the cost of education. Some of these measures are: expanding the tax base, protecting the tax money collected from the people from embezzlement and wastage, enabling education institutions to generate their own income through research and other means that would enable them to cover parts of their expenses, supporting private educational institutions to accept students who can afford to pay for their own education and thereby reducing the pressure on government schools and increasing the education's share of funds obtained from foreign development assistance and loans.

One of the ways of reducing government expenses on education and evidencing the educational opportunity for its citizens is encouraging private investors and non-governmental organizations to increase their participation in providing higher education. At present the participation of private investors and non-governmental organizations in offering higher education is low. This present state must be changed. The desired change can be achieved through favourable loans, land grants, tax reductions and similar other supports.

Colleges and universities must be planned and guided so that they grow in number that they are distributed throughout the country in a balanced manner, their intake capacity grows steadily, they produce qualified manpower in needed field and the researches they conduct are based on basic needs of the country and aimed at solving identified problems in the society. Scholarship and distance education opportunities must be made available to all on equal basis. The criteria should be academic qualification and the professional needs of the country and, its administration should be based on transparency and accountability. To this end a foreign scholarship and distance education agency, with organisational and operational freedom, will have to be established to lead this task with responsibility.

Increasing the budget of the education sector is imperative. At present of the allocated budget for education about 67% goes for elementary education, 20% for secondary education and 13% for higher education. There should be a gradual and balanced increase in the share of funds for the various levels of the education structure. Therefore, the budget for education, particularly for secondary and tertiary education must maintain a steady increase.

### **3.4.2 A health system based on prevention**

The majority of health problems in our country are preventable and are mostly caused by nutritional deficiency. Our health policy will be based on prevention and will take the coordination of the following factors into consideration: population size, conducive living conditions, food

and clean water services, educational services, environmental sanitation, road and transport expansion and other basic services.

- There will be an organizational and operational system that mobilizes the active participation of the government the public and other partners in order to combat malaria, tuberculosis and other infections diseases caused by carelessness, lack of proper sanitation and poor diet.
- Programmes designed to improve mother and child health will be implemented. In the next 5 years, efforts will be made to reduce by half the number of mothers that die from health problems connected with child bearing. Efforts will also be made to reduce the number of children that die out of one thousand before they reach the age of one to 50, and the 187 children out of one thousand that die before they reach the age of 5 to 20. Focus will be given to the improvement of the supply of clean drinking water in urban and rural areas, expansion of toilet services, assigning health institutions and medical personnel mostly to cover rural areas.
- In the provision of health services special attention will be given to quality on medicines. Schemes will be worked out to reduce the problems in the use of traditional medicine and to coordinate with modern medicine. • In providing health services, special attention will be given to those engaged in production, those regions that have, up to now, been neglected, victims of natural and manmade disasters and citizens with low incomes.
- Trainings based on the needs of the community will be conducted in order to produce trained manpower in the lower, middle and higher levels of the health sector.
- At present, the principal provider of health services is the government. However, the budget allocated for the services is very small. For the next five years, if significant improvement is to be registered, a considerable amount of funds will have to be allocated to the health sector from the resources obtained from the government, loans and grants, the people and private investors.
- Favourable legal provisions concerning loans and land supplies will be in effect to encourage private investors to be engaged in areas providing health services. There will also be tax breaks and other incentives. The government will be made to play a major and exemplary role by providing the necessary budget and manpower in order to check the havoc HIV/AIDS is causing in the life of the people.
- Institutional organization and readiness helps to withstand the problems caused by HIV/AIDS. A concerted campaign that mobilizes the participation of the people from the national down to the kebele level will be conducted with determination. The government will take steps to formulate a clear national objective and strategy by creating strong cooperative ties with stakeholders.
- Coordinated efforts will be made to encourage citizens in and outside of the country to be more involved in advocacy works and to utilize HIV/AIDS related resources in a coordinated manner.

- The conflict between the Ministry of Public Health and the National HIV/AIDS Secretariat will be resolved. Instead of burdening the Ministry of Public Health itself plagued by administrative incapacity with the critical and national problem of HIV/AIDS, the Secretariat will be strengthened with manpower and organization and enabled to save the people from the scourge of the killer disease.

- Favourable conditions will be created in which the mass media will be able to teach the people what they have to know about HIV/AIDS. In particular, private radio and television will be established, just like in other parts of the world, and will play a major role in the war against HIV/AIDS.

- The HIV/AIDS policy was drafted seven years ago without the consultation or participation of the people or of other stakeholders. It has not been improved ever since and has, as a result, become outdated. On the other hand, HIV/AIDS undergoes constant change and spreads rapidly. Therefore, the national HIV/AIDS policy will be redrafted, with the active participation of the people, to make it a suitable instrument for combating the disease.

- Legal loopholes that have become obstacles to the struggle against HIV/AIDS will be closed and other legal provisions that contribute to capacity building will be included in the civil and criminal codes.

- Our compatriots who have become victims of the disease are falling in vast numbers and with a frightening speed. Speedy measures will be taken to provide the necessary medicine to these people fast. Along side this, much effort will be made to prevent sexually transmitted diseases (STDs) of spreading further.

- The problems plaguing the voluntary counselling and testing (VCT) service will be solved. The system will be strengthened in manpower enabled to provide free service..

- Opinion survey will be conducted on the effects of the activities of the government and other institution on HIV/AIDS. Based on the outcome of the survey, mistakes will be corrected and new and better solutions sought for combating the killer disease.

### **3.4.3 Giving special focus to the problem of the youth**

Any effort aimed solving the problems of the youth is aimed, mainly at producing citizens who have vision and strong hope, who are concerned about the well-being of their country and are determined to make positive contributions to creating a better future for themselves and for their country. The primary steps towards achieving this goal will be formulating a clear national youth policy and implementation guidelines with the active participation of the youths themselves.

The future of the country is determined by our youths. Whatever positive or negative things we do about our youths today indicates what the Ethiopia of tomorrow is likely to be. Therefore, if KINIJIIT assumes power, the youth policy it will formulate will give special attention to the following basic matters:

1. The curriculum of the country will be prepared in such a way that it does not restrict

the desire of the youths to work but arms them with the knowledge and skill that prepares them for work.

2. A condition will be created where the government, private investors, the youths themselves and the society as a whole will make concerted efforts to create job opportunities for young people.

For youths in the rural areas, special opportunities will be created where they will be engaged in activities outside of formwork. To this end, cottage industries, infrastructure constructions and agro-industry programmes will be planned and implemented. Wide ranging investments and industrial developments will be carried out in order to create varieties of jobs for youths in the urban areas.

Government policies and strategies formulated for development, education, health and poverty reduction will be designed to solve the problem of youth unemployment. Training, counselling, loan, land, licensing and other services will be offered to encourage the youth of create jobs for themselves. These services will not in any way be connected with election campaigns or political partisanship.

3. Master plans of our cities will be prepared and implemented in such a way that they provide sports and recreational centres and resorts for the youths that consist the majority of the Ethiopian population.

4. Inasmuch as the youths are the major source of political power, it should be seen not as a threat but as a dynamic force of change. Therefore, they must have a good share in the making of political decisions. In addition to increasing the representation of the youths in Parliament and creating a youth affairs standing committee, a youth parliament will be established where the youths will discuss their own affairs and work out strategies for exerting pressure on policy makers. The youths should not be messengers of a party in power. Rather, there will be a free national youth association that works for the interests of the youth and coordinates the political participation development efforts of the youths.

The affairs of the youth should not be seen as the responsibility of one ministry alone. The well-being of the youths is a national affair. Therefore, government institutions, civic organizations and other institutions in the society must have sections that support efforts being made to promote the interests of the youths.

#### **3.4.4 Promoting the equality of women**

- When we see the proportion of men and women in the population of the country it is about 50 — 50. However, because of the little attention given to the affairs of women, their participation in all aspects of the society is, compared to that of men, very low.
- In the Ethiopian condition, the responsibility of women in home management and child upbringing is heavy. Teaching women means teaching the society. However, seen from all aspects, the participation of women at all levels of education is lower than that of men. In the next 5 years efforts will be made to bring up the degree of participation of women in education at all levels to that of men.
- To realize this objective, steps will be taken to lessen the burden particularly of rural women. Priority will be given to providing clean drinking water in rural in areas where such

a service does not exist. Rural villages close to main highways will be made to receive electricity. Rural energy will be expanding and rural centres that are far from main roads will be provided with flour mills operated by diesel or water power. Private investors will be encouraged to be engaged widely in this work.

- Efforts will be made to guarantee that women benefit from the health services that are provided. Especially, health packages that help mothers during child bearing in maintaining women's sanitation and general health will be prepared and implemented. At present, 95% of women give birth at home without doctors' assistance. In the next 5 years, this percentage will be reduced to 50 by enabling women to give birth in environments where there are doctors or other trained personnel to provide with the necessary skilled care. At present 871 out of 100,000 mothers die from birth related complications. In the next 5 years, this number of deaths will be reduced by half. The present average birth rate is 6. In the next 5 years measures will be taken to reduce this rate to 4 through proper family planning and birth control services.

Unemployment of women in the cities is twice as much as that of men. In the rural areas, the number of unemployed women is four times as much as that of men. In programmes designed to deal with unemployment problems, measures will be taken to guarantee active participation of women. During the creation of job opportunities, investment and development activities, technical and vocational trainings, counselling and loan supports will be provided in order to encourage and strengthen women's participation.

- Efforts will be made to reduce the problems of women who are forced to engage in occupations that are hazardous to their health or migrate to foreign countries.
- If the overall participation of women is to be strengthened, they must be enabled to benefit from the advantages of information technology. To this end, special efforts will be made to enable women to have access to telephone, internet, computer, television and radio services.
- In the next 5 years, measures will be taken so that in less than 10 years the present 7.7% share of women in the federal parliament will be raised to 50%. Their present share of 11.4% in the regional councils will be raised to 50%. Their present share of 7% in the wereda councils will be raised to 50% and their present share of 14% in the kebele councils will be raised to 50%. KINIJIIT will give special attention to the realization of these goals by providing the appropriate electoral and legal foundation.
- Capacity building programmes for women will be conducted to raise the present 2% of women's participation in positions of responsibility to 20%. In general, efforts will be made to conduct a variety of programmes designed to eradicate women's poverty and backwardness and to improve their lives.
- Systems will be designed and implemented within the framework of the country's laws to enable them to have to right to own property, protect them from cultural oppressions and abuses, enable them to have the right of equal pay for equal work, protect them from discrimination due to their gender and respect their legal rights.
- They will be encouraged to have their own voluntary associations free from political interference or pressure. Through their free associations. They would be enabled to exert pres-

sure on law makers and to protect their interests and benefits.

### **3.4.5 Making efforts to raise workers morale for work**

- Legal and organizational structures will be implemented to raise the motivation of workers and to bring about industrial peace that creates a conducive environment for rapid growth.
- Industrial peace and motivation for work prevail when there is a labour and management law that properly manages the relations that exist between workers and managers. Such a law will be formulated and implemented in a manner that guarantees the rights of all parties and insures their active participation.
- There will be the organizational structure and legal support that is necessary for strengthening the negotiating capacity of workers. There will also be a legal system in place that protects the rights and interests of the works and enables them to form an association free from unrestricted pressure from the government or the Management.
- When, in order to guarantee the social well being of the workers, the negotiations and the collective agreements on job security, salary, training, compensation, work leave, medical services are violated, there will be an arbitration system and a free and neutral court.
- The present labour and management law has problems that make it difficult to protect the rights of the workers. It will be improved to remove the problems.

### **3.5 Infrastructure that focuses on neglected sectors of the society and regions**

- The infrastructure building in the country will be planned and implemented in such a way that it supports strategies designed to bring rapid and sustained growth.
- In view of the fact that infrastructure constructions are conducted with taxes collected from the peoples, with loans and grants obtained in the name of the people, every effort will be made to involve the people in the implementation of the strategies and to make them beneficiaries of the development.
- Infrastructure developments will give priority to neglected communities and areas of scarcity. Efforts will be made to guarantee the right of all citizens to be full beneficiaries of the resources in their localities.
- Infrastructure services will be designed and implemented in such a way that they help to narrow the gap between men and women, the poor and the rich, urban and rural central and peripheral areas, etc.

### **3.6 Improving the social security system**

- A legal system will be designed and implemented to provide a special social security cover for people who work in state run development institutions, civil service bodies and under private institutions.

- A social security fund will be established to give support to those who could not support their social lives due to accident, age etc, the handicapped, helpless orphans, disabled by war and those who have honourably discharged their national duties.
- A legal system will be created and implemented to expand the base of the social security fund by increasing the contributions from individual incomes and other financial sources and guaranteeing its sustainability.
- The pay that pensioners receive will be improved in such a way that it is adjusted to the prevailing cost of living.
- The present social security policy and the laws and structures for implementing it will be improved in order to create a social security system based on a strong foundation.

### **3.7 A foreign policy that protects Ethiopia's national interests**

- Our foreign policy principle is based on securing democracy, lasting peace and sustainable development in our country. Therefore protecting our country's sovereignty and national interest in all sectors will be the governing principle of our foreign policy. Accordingly, efforts based on history, international law and diplomacy will be made in order to redress the treasonable acts committed by the ruling party against the sovereignty and national interests of our country.
- When the secession of Eritrea was effected, glaring mistakes were made. These mistakes harmed Ethiopia's interests, damaged the relationships between the peoples of Ethiopia and Eritrea and caused unending conflicts contributing to the instability of the region.
- Although the legitimacy of Ethiopia's demand for a sovereign right of access to the sea is legal and well realized by the international community, the intransigent position taken by the ruling party has closed the door for the possibility of discussing the issue. Therefore because the question is interlinked, the legal question of sovereignty and survival of the nation, a request will be put forward before the international community for a balanced support.
- Concerning our transborder rivers isolated and bilateral agreements will be made null and void and replaced by agreements that allow an equitable use of the water resources.
- The relationship of Ethiopia with its neighbours will be based on equality, mutual benefit, trust, good neighbourliness and peacefulness.
- Ethiopia will contribute its fair share to the international effort being made to create a climate that is free from terrorism conflict and war.
- Ethiopia will wage a determined struggle against international injustice, for the removal the numerous sanctions imposed against developing countries and for the creation of new relationships and partnerships based on mutual benefits and respect.
- Preventing misunderstandings and conflicts from being created and if created, resolving them peacefully.

### **3.8 Building democratic and good governance institutions**

At the federal level, a constitutional system that guarantees equal distribution of power among the legislative, executive and judicial bodies will be created.

Legal institutions that guarantee the human and democratic rights of citizens will be created. Accordingly:

- a. Citizens will be given legal protection guaranteeing that their right to express their views freely and to obtain information will not in any way be violated. The mass media, that are the sources of information and means of self-expression, will be organized in such a way that they are free from the pressure of the party in power. Particularly the

operation of those institutions in the government mass media will be made free, transparent and accountable. To guarantee this, the government mass media will be governed by a neutral board whose members are drawn from different sectors of the society including civil societies. The board will be accountable to the legislative body.

A legal system will be established wherein the governments executive body supports the institutions in training in various fields but, at the same time, prohibits the same body from interfering in their operational freedom.

- Investors and professional who engage in mass media services will be given legal protection so that they can provide their services free from interference.
  - Laws and directive that restrict people's right to obtain information freely will be repealed.
  - b. To guarantee that there is a free legal system, a legal provision will put in place that will protect the organization, operation and accountability of the legal institution against interference from the executive body.
  - The criterion for assigning people to the task of administering justice will be competence and integrity. There will be a clear legal provision that guarantees their freedom from any kind of interference from any political party and that punishes them if found making mistakes as a result of their connection with any political party.
  - Police institutions that have a role in the administration of justice will organize themselves and operate free from the interference of the executive body and political parties.
  - A clear legal system will be instituted to punish police institutions and their members if they are found participating in committing acts that violate the rights of the people, harm legally established political parties or are engaged in acts that give undue benefits to the ruling party.
  - Police institution will be given legal authority to investigate and bring to justice members of the ruling party government officials violating peoples rights and abusing their power.
  - Police institutions will be accountable to the legislative body and to the people.
  - c. A law will be instituted to prohibit the defence and the security forces from participating in violations of human rights, interfering in any kind of civil opposition, becoming an appendage of the party in power and committing acts of injustice on unarmed civilians and peaceful oppositions struggling for power.
- A working system will be established whereby these [police] institution report to the legislative body in order to guarantee that these institutions are responsible and accountable for their actions.
- A law will be instituted prohibiting the viewing of legally established opposition parties as dangerous and security threats for the nation.
  - d. The usual practice of the civil service being disbanded and reconstituted every time a new political party assumes power will be stopped. Rather, the government body will be structured in such a way that it has organizational and operational freedom and there will be a

continuity of work experience and institutional information.

- The present civil service has been made, in an illegal manner, to the replica of the ruling party. Therefore, it is necessary that it be modified. Civil service positions other than those held by political appointment will be held on the basis of professional competence and transparent hiring system.
- Legally corrective measures will be taken on cases where workers obtained undue benefits due to political loyalty or other linkages or where other workers were unjustly denied what was legally due to them. A commission will be established to look into this matter and the corrective measures will be taken on the basis of the report that this commission will submit to the legislative body.
- To guarantee that the civil service is free from the direct influence of the executive body, it will be made responsible to the legislative body.

E. Legal measures will be taken so that the division of power and relationship that exists between the federal and regional governments would be guided by a balanced and transparent legal system and the federal system established in our country would have a strong foundations.

F. All obstacles that limit the freedom to organize will be abolished and the establishment and expansion of freely organized civic organizations will be encouraged.

## 4. Summary

### 4.1 Implementation of the Manifesto

within a period of 3 months after KINIJIIT obtains the mandate from the people, a detailed plan of action based on areas of focus indicated in the Manifesto will be made public. On May 8 of each year, an assessment report based on the implementation of the Manifesto will be presented to the public.

KINIJIIT is well aware of the fact that the Ethiopian people are caught in a vicious and degrading poverty and that they will face problems during the implementation of the Manifesto. On the other hand it has full confidence on the strength of the people and their determination to extricate themselves from poverty and backwardness. Therefore, voting for KINIJIIT is a decision to free oneself from poverty.

Voting for KINIJIIT is a firm decision to create democracy and good governance, support an economic policy that guarantees development, implement a social policy that guarantees justice and safeguard the sovereignty and national security of the country. Voting for KINIJIIT is giving a mandate to a popular political organization with a vision of giving to all of its citizens an opportunity to fulfil their dreams and to have an equal and respected place in their common country.

**KINIJIIT** requests the Ethiopian people to vote for it and give it their mandate considering its clear vision for establishing lasting peace and democracy in the country.

### 4.2 A National Call

1. For a transition to a democratic system and good governance based on the will of the people, vote for KINIJIIT.
2. For a national reconciliation that guarantees reliable solutions to political confrontations, civil conflicts and bloodshed, vote for KINIJIIT.
3. For transparency, trust, truthfulness and consistency in government administration and leadership, vote for KINIJIIT.
4. For equality and lasting unity of the people based on dialogue, understanding and tolerance, vote for KINIJIIT.
5. For the respect of the rule of law, individual liberty, ownership of private property and social well-being of the people, vote for KINIJIIT.
6. For the respect of the sovereignty and national interest of Ethiopia, vote for KINIJIIT.
7. For guaranteeing social justice, vote for KINIJIIT.
8. For bringing an economic growth that fulfils the hopes of and benefits all Ethiopians, vote for KINIJIIT.
9. Above all, for eradicating the poverty that is rampant in urban and rural Ethiopia and for heading towards prosperity, vote for KINIJIIT.

A democratic system for Ethiopia!

2005

Addis Ababa

Member organizations of Coalition of Unity and Democracy (KINIJIIT):

AEUP, UEDP- MEDHIN, EDL and Rainbow Ethiopia



